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NEWS SUMMARY

GENERAL

Suarez changes Spanish Cabinet

Spanish Prime Minister Adolfo Suarez yesterday carried out a big Cabinet reshuffle aimed at attracting wider support in Parliament and improving his image in the country.

The second reshuffle in five months, it had been under consideration for more than a month and was formally provoked by the resignation of deputy Prime Minister Fernando Abril Martorel.

The main changes involve the return of some critics of Sr. Suarez and distribution of some portfolios to more liberal wings of the party. Sr. Leopoldo Calvo Sotello, a former Minister for European Affairs who has the confidence of the business community, has been put in charge of economic affairs. The Government's economic record has been the target of much criticism.

Call for aid

West German Chancellor Helmut Schmidt urged OPEC and Communist countries to provide more aid for Third World nations hit by soaring oil prices. Back Page

Jet crashes

An American McDonnell-Douglas Hornet combat plane, star of the recent Farnborough air show, crashed after take-off in the UK. The crew of two were taken to hospital.

Students riot

About 1,500 black students rampaged through streets in Kimberley, South Africa, stoning police and breaking into houses. Police charged 19 with damaging property.

Black unions

In a breakthrough for black trade unionism, Ford's South Africa subsidiary agreed to the appointment of full-time shop stewards for company workers in three unions, one of them unregistered. Page 4

War games

NATO troops began a big exercise in Western Europe, aimed at testing Britain's ability to reinforce the West German front, while Warsaw Pact troops started exercises near the Polish border. Page 2

Androsch may go

Austrian Finance Minister Dr. Hannes Androsch is expected to resign all Government posts today after allegations about his business interests. He had been regarded as the likely next Chancellor. Page 2

Publisher dead

Philip Dosse, 55-year-old publisher and proprietor of Hansom Books, was found dead at his London home. Last week his group of seven arts magazines ceased trading and Dosse said there was not even enough money to pay staff.

Rebels warned

Sixteen Labour Right-wing rebels were given a month to withdraw a threat to stand against Labour Left-wingers at the next general election or face expulsion from the party. Page 8

Briefly...

More than 100,00 paid homage in Tehran to those killed in anti-Shah demonstration two years ago.

Two men were sentenced at the Old Bailey to three year's jail for killing a woman during an exorcism.

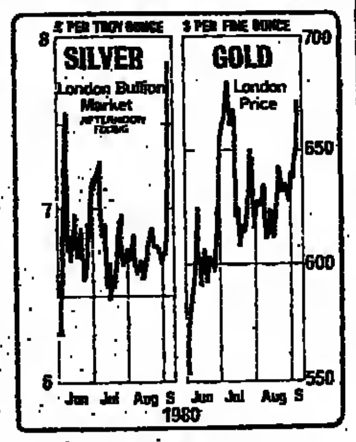
Chinese Government has reduced ceremonies for visiting heads of state, to save time.

About ten British tourists were injured in a road accident near St. Omer, northern France.

BUSINESS

Gold Mines index at record

● GOLD reached its highest level since July 7 in London, closing $21 up at $672.5. Some short covering was suggested as one reason for the rise. Page 31



● SILVER surged in London, influenced mainly by the rise in gold. The LME cash price closed 69.5p up at 784p. Page 33

● GILTS hardened on news of the fifth monthly fall in manufacturing industry's costs. The FT Government Securities index finished 0.19 up at 69.63. Page 34

● EQUITIES put on a late rally to close 2.4 down at 492.0. GOLDS raced ahead, demand intensifying after hours on renewed U.S. support. The Gold Mines index rose 19.5 to a record 447.5. Page 34

● DOLLAR lost ground, closing at DM1.7770 (DM1.7815). Its trade-weighted index fell to 83.5 (83.7). Page 31

● STERLING traded quietly ahead of the banking figures. Its index was unchanged at 76.5. Against the dollar, it rose 60 points to finish at $2.4155. Page 31

● WALL STREET was 6.66 down at 934.30 near the close. Page 32

● U.S. INTEREST RATE rises are temporary, says Treasury Secretary William Miller. Page 5

● ORDERS for U.S. semiconductors fell below the level of sales in July, the first time this year. Back Page

● AUSTRALIA is considering retaliation against possible U.S. anti-trust judgments on uranium producers. Back Page

● CHINA'S failure to step up oil production means it will be unable to meet export pledges to Japan, says a Japanese official. Page 4

● GOVERNMENT Actuary has seriously underestimated the cost of providing index-linked pensions for civil servants, says the Centre for Policy Studies. Page 8

● FIRE BRIGADES Union's new general secretary is to be Ken Cameron.

● MOULINEX, French domestic appliance manufacturers, is to lay off nearly half of its 10,700 workforce. Page 26

● METAL BOX, Britain's biggest can maker, is to close two factories with the loss of 1,260 jobs and warns of further redundancies. Back Page

● MASSEY FERGUSON of Canada, the world's third largest farm equipment manufacturer, lost $62.9m (£26m) in the nine months to July 31, against a profit of $104.1m last year. Page 26; Back Page

● BTR, rubber manufacturing group, boosted first half pre-tax profits by £9m to £36.4m on substantial gains in all countries except the UK. Page 22; Lex, Back Page

● METAL CLOSURES Group, metal and plastic products maker, reports first half taxable profits £220,000 down at £2.56m. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Treasury 12pc 1995	£92	+	½
Treas. 13½pc '04-08	£100½	+	½
Aeronautical & Gen.	555	+	25
Amal. Distilled Pds.	44	+	3
Bramall (C. D.)	86	+	4
Dorada	54	+	5
Electrocomponents	734	+	12
Haynes Publishing	128	+	5
Horizon Travel	298	+	8
Laurence Scott	66	+	6
Lex. Service	88	+	4
Man. Ship Canal	227	+	10
Moran (C.)	24	+	3
St. George's L'ndry.	65	+	19
Double Eagle	610	+	190
Pict Petroleum	360	+	15
Warrior Resources	380	+	100
Cons. Gold Fields	572	+	25
Free State Geduld	£33⅞	+	2
Geometals	52	+	7
Int. Mining Corp.	63	+	10
Poseidon	302	+	32
Randfontein	£35⅞	+	2⅜
Target Petroleum	32	+	8
Venterspost	840	+	53
FALLS:			
Arrow Chemicals	22½	—	5½
Cornell Dresses	49	—	3
Cray Electronics	63	—	5
Danish Bacon "A"	106	—	6
Esperanza	112	—	8
Hambros Bank	533	—	21
Home Charm	94	—	8
Home Counties Newspapers	73	—	5
Hongkong Land	136	—	12
Metal Box	276	—	10
Reckitt & Colman	200	—	10
Thorn EMI	372	—	8
Wheelock Marden	43	—	5½
North Broken Hill	190	—	6

Industry raises its prices more slowly as demand falls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH manufacturing industry is raising its prices much more slowly than at any time in the last two years in the face of the tight constraints of falling demand and the need to reduce excessive levels of stocks.

The wholesale price indices, published yesterday by the Department of Industry, show some relief is being provided by raw material and fuel costs which have hardly changed since the spring.

Unit labour costs, around two-thirds of the total, have still, however, been rising rapidly; many companies have faced increases of between 15 and 20 per cent over the last year.

Consequently, the slowdown in price rises has generally been at the expense of reduced profit margins, as has been suggested by recent poor results from leading companies such as ICI.

The implications for the consumer are more comforting. The retail prices index—due out on Friday—is expected to confirm the recent trend of monthly increases of less than 1 per cent a month. The 12-month rate of increase, 16.9 per cent in mid-July, is, however, likely to remain at about this level, or only slightly below, until the end of this year. This is because the monthly rises were low in the second half of 1979.

WHOLESALE PRICES (1975=100)

		Materials and fuel purchased	Output (home sales)
1979	1st	153.4	161.6
	2nd	163.3	168.0
	3rd	169.9	176.4
	4th	183.9	181.8
1980	1st	197.2	191.4
	2nd	201.3	199.0
	June	201.1	201.0
	July*	201.8	202.8
	Aug.*	201.3	203.7

* Provisional.
Source: Department of Industry.

The squeeze on producers as a result of the recession has been indicated for some time by the Confederation of British Industry and FT surveys of industrialists' price expectations.

The result was that in August the output price index for manufactured products increased by less than ½ per cent to 203.7 (1975=100). The three-monthly rate of increase in this index has slipped from 3.9 per cent in May to 2.4 per cent last month. The 12-month rate of increase was 15½ per cent last month compared with about 16 per cent in July.

There have been wide differences between manufacturing sectors. Textile prices have increased by only 1.8 per cent in the last three months, while prices of metal manufacturing products have risen by less than 0.8 per cent.

The slowdown in growth is affecting raw material costs, and there has recently been a fall in the world prices of many commodities, such as copper. In addition, the rise in the value of the pound on foreign exchange markets has lowered the sterling cost of imported raw materials.

The cost of materials and fuel bought by manufacturing industry dropped by ¼ per cent in August to 201.3 (1975=100), which was slightly lower than in April. Over the six months to August this index rose by 1.9 per cent compared with an increase of 16.9 per cent in the previous half-year. The 12-month rate of increase in August was just over 19 per

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EEC inflation rate up, Page 2
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Soviet Union has helped Poles with big loans

BY CHRISTOPHER BOBINSKI IN WARSAW

THE Soviet Union has helped the ailing Polish economy with hard currency credits worth $550m (£220m) since last May, a Government Minister revealed here yesterday.

It is believed that $150m of this was arranged early last week after the signing of an agreement ending the strikes on Poland's Baltic ports.

The strikes and a harvest worse than expected meant, the Minister said, that Poland would not achieve its $370m hard currency trade surplus target for this year. But the Minister still expected that there would be a surplus.

As new figures emerged showing the cost of Poland's worst industrial unrest in 10 years, Mr. Stanislaw Kania, Poland's new Communist Party leader, visited Gdansk to address party workers. The visit was seen as an indication that the new leadership would meet its side of the bargain struck with the port workers.

In Warsaw, at a Press conference, Mr. Henryk Kisiel, the new Planning Commission Chief, stressed that there was no question at this stage of Poland asking for a moratorium on payments of its $20bn debt.

He praised the bankers who had extended loans to Poland in recent months "for their wise and courageous decision," and said that the country would not default on any of its international obligations.

Mr. Kisiel said that the new pay agreements would cost 90bn zlotys, raising the country's wage bill by 10 per cent. (It is hard to translate this estimate into Western currencies. Poland's official exchange rate is 72.36 to the pound, while the unofficial, blackmarket rate is up to 270 to the pound.)

Additional social benefits would cost another 40bn zlotys. Finding the consumer goods to supply this additional demand was the crucial task of Poland's planners in the coming year, he said.

One of the ways of doing this was to reduce investments, and "no project is sacred."

Mr. Kisiel said that the strikes had cost around 30bn zlotys worth of lost production and that industrial production in August was about 10 per cent down on the same month last year.

Meanwhile, he said, the grain harvest this year was 19.5m tonnes compared with last year's harvest of 17m.

The potato crop, however, was down to 40m tonnes, a drop of 9m on 1979.

An additional 1.5m tonnes of grain would have to be imported this year, Mr. Kisiel said, and talks would be held with the Soviet Union on grain imports.

During his trip to Gdansk, Mr. Kania also visited the Palace Commune shipyard which was one of the best organised yards in the city during the strike.

Later, Mr. Kania attended a party meeting accompanied by Mr. Tadeusz Fiszvach, the local party leader, and Mr. Mieczyslaw Jagielski, the Deputy Premier who handled the negotiations which ended the strike.

Mr. Kania is expected to travel to Katowice today. The fact that Mr. Kania is accompanied in Gdansk by the two main supporters of the agreement which gave the workers the right to establish independent unions as well as higher wages and benefits is seen as a sign that the new leadership intends to honour the accord.

Lodz workers unit, Page 2

Electricity supply jobs to go

BY JOHN LLOYD, LABOUR CORRESPONDENT

PLANS FOR a dramatic cut in capacity and employment in the electricity supply industry will be presented to unions today.

The Central Electricity Generating Board, which has seen a 7 per cent drop in demand in the first half of the current financial year and expects a bigger fall in the second half, wants to cut more than 3,000 MWs from its net capacity of about 57,000 MWs, and to shed more than 3,000 jobs, as quickly as possible.

This might mean either closing or "mothballing" up to 20 power stations, mainly small coal- or oil-fired stations all over the country which are relatively inefficient producers of electricity.

The cuts in capacity and manpower are more than double those mooted by the board six months ago, and it is unlikely that alternative employment can be offered to the displaced workers within the system.

The CEGB has kept a number of small, inefficient coal-fired stations on line over the past 18 months in an effort to cut down on expensive, imported oil. However, the scale of the drop in electricity use — likely to worsen in the months ahead — has forced the board radically to revise its plans.

It is expected that the CEGB will ask for a two-part programme today — the first would be a decommissioning of the oldest stations as soon as possible, while the second would involve "mothballing" a further tranche of stations, retaining

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Other redundancies, Page 9
Metal Box to close two plants, Back Page

Shop spending less than estimated

BY DAVID CHURCHILL AND PETER RIDDELL

SPENDING in the shops has been much lower than previously thought in the last few months, in spite of the hopes created by extensive price-cutting campaigns in many stores.

Revised Department of Trade figures yesterday show that the volume of retail sales fell by 1.7 per cent from June to July to 99.0 (1976=100 seasonally adjusted).

This compares with an original estimate of 101.0.

The figures for the three years 1977-79 have been revised downward by about ½ per cent, but the revision has been much greater for this year. The volume of trade so far this year is estimated at 1 per cent less than previously thought, with an even lower level of sales in recent months.

Consequently the decline in spending this summer has been greater than previously estimated, with volume of sales from May to July roughly 2½ per cent lower than in the previous three months.

The July figures suggest a particularly sharp drop in sales of food, though some recovery in trade in clothing and footwear shops.

Mr. Richard Weir, director of the Retail Consortium, which represents many store groups, commented yesterday that the July figures were in line with recent reports from retailers that vigorous price-cutting was not leading to a significant boost in sales.

While large numbers of shoppers have attended the summer sales, not as much money has been spent as was thought.

Mr. Weir believed it likely that the August and September figures would show the same low level of trade.

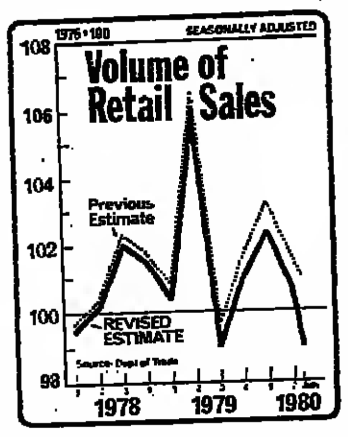
Not all retailers have had a bad time. Mr. David Johnson, chief executive of Rumbelows, the 400-store electrical goods chain, said that sales of electrical goods had been "very good" for the past two months.

"Last week was our best week for sales since April," he said. Sales were 45 per cent up on the corresponding week last year, though that was a particularly bad week in 1979.

The John Lewis Partnership's total sales were 17 per cent up on a year before in the week ending August 30, against a sales target of 14 per cent for the half year.

The West End department store Selfridges also reports that trade has been much improved over the past month.

The weakness in some areas of trade is shown by Marks and Spencer's decision to cut prices on home furnishings by about 10 per cent from today. The price cuts, made in conjunction with its suppliers, will run until early October.



The serious position facing some major retailers in the sales slump was shown by the sharp fall in interim pre-tax profits announced recently by F. W. Woolworth. Some other retailers are expected to announce equally gloomy figures over the next few months.

The recent fall in consumer demand was highlighted by new figures for hire purchase and other credit business. Finance houses, other specialist consumer credit grantors and retailers advanced £672m of new credit in July, compared with £676m in June.

From May to July total new advances were 1 per cent less than in the previous three months, with a particularly sharp drop in lending by finance houses.

The major revision to the retail sales data is because of the discovery that previous returns from retailers were incomplete, and that previous estimates were incorrect.

Mr. Weir said that the Retail Consortium had already been in touch with the Department of Trade about the figures after some large retailers, especially in the men's wear sector, complained that the earlier estimate had not reflected their own trading experience.

£ in New York

—	Sept. 5	Previous
Spot	$2.4150-4165	$2.4210-4220
1 month	1.17-1.12 dis	1.20-1.14 dis
3 months	2.73-2.68 dis	2.84-2.77 dis
12 months	5.88-5.78 dis	6.30-6.10 dis

Ford UK chairman to head CBI

By John Elliott, Industrial Editor

THE JOB of leading the Confederation of British Industry for the next five years has gone to Sir Terence Beckett, 56, chairman and chief executive of Ford UK. He is to take over as director general on October 1 in succession to the late Sir John Methven and will immediately become involved in deciding how to cope with industry's growing concern about some aspects of the Government's economic policies.

His successor at Ford is to be announced today. Mr. Sam Toy, the sales director who has been with the company since 1948, is likely to be given the job if, as is expected, the appointment is made from the ranks of existing members of the UK Board.

At Ford Sir Terence was paid approaching £90,000 last year, and also received fees for non-executive directorships of ICI and the Economist Newspaper. He is giving up all these posts for a CBI salary thought to be around £50,000 a year. This will be topped up with a package deal which includes early payment of his Ford pension so that he will not lose any income.

Sir Terence was chosen from a short list of about six candidates drawn up by Spencer Stuart, headhunters, who initially discussed the job with about 100 people.

Some leading figures, such as Sir Peter Parker of British Rail, were not interested and it was initially thought by the CBI that Sir Terence would also not be available. Yesterday he admitted he rejected the first approach. But he later agreed to let his name go forward and was chosen as the front runner by Sir Ray Pennock, CBI president, and other senior industrialists, shortly after the short list was delivered to the CBI's Centre Point headquarters earlier this month.

In the past, Sir Terence, whose brother is chief executive of British Sugar, has turned down approaches from Ministers looking for chairmen for BL and for various nationalised industries.

He has been chairman of Ford UK since 1976 and has been growing increasingly concerned about the fate of British industry, its lack of professionalism, and what he calls its "general effectiveness."

It was this concern that persuaded him to take the CBI job for five years, after which, he said yesterday, he might well want to return to the manufacturing industry.

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EUROPEAN NEWS

NATO tests ability to reinforce

BY ROGER BOYES IN BONN

TROOPS OF the North Atlantic Treaty Organisation have begun one of the largest autumn exercises in Western Europe, primarily aimed at testing Britain's ability to reinforce the alliance's central front io West Germany in time of war.

The exercises "Forward Defeoce," which coincide with major Warsaw Pact manoeuvres in central Europe, have also taken on considerable political significance.

The exercise was opened formally yesterday by General Bernard Rogers, NATO's Supreme Allied Commander in Europe. It involves the transport of 10,000 regular troops and 20,000 territorials to back up the existing British force in Germany. The whole British force will then join with the 2nd U.S. Armoured Division, a battalion of U.S. airborne troops and a German Panzer brigade in fighting a mock battle.

The exercise is described by senior British officers as the largest and most comprehensive army exercise beld since the early 1950s. The U.S. is also seconding 17,000 reinforcements to Germany for the exercise and other manouevres are planned for the northern flank in Norway and the southern flank in Turkey.

At the weekend 40,000 Warsaw Pact troops began "Brotherhood 80," their largest exercise for 10 years in East Germany. That exercise, near the Polish border, will include naval landing exercises on the Baltic coast by the Soviet, East German, and Polish navies.

Mr. Joseph Luns, NATO's secretary general, flanked by General William Rogers (left), the supreme-commander, and Herr Hans Apel, West Germany's Defence Minister, at the start of aotumn manoeuvres at Gutersloe yesterday.

Both sets of manoeuvres were planned well before the Polish troubles, and, indeed, before the Soviet invasion of Afghanistan, but there is clearly an element of political display involved. Political differences within the respective alliances can to some extent be papered over by concrete signs of military solidarity and military preparedness. For Moscow, it is also an opportune moment to remind Poland and its other East European allies that they have a common enemy and commoo interests.

The exercises are politically important for two other reasons. Firstly, military reioforcement has come to play a much more significant role since the invasion of Afghanistan. Should U.S. troops have to be withdrawn from Germany to act in another theatre—the Gulf for example—they will have to be replaced rapidly by troops from Britain and other countries of the NATO alliance.

Secondly, the manoeuvres come shortly before the Helsinki follow-up conference, preparatory meetings for which start today in Madrid. Diplomats are devising confidence-building measures, including lowering the threshold for prior warning of troop manoeuvres, that could be presented at the conference. A demonstration of military strength before the conference underlines the importance of confidence-building measures.

In spite of NATO's determination to show itself as a stroog military monolith, Belgium has already exposed the alliance's vulnerability in some areas. It has decided not to take part in the current exercises on the grounds of expense.

Reuter reports from Moscow: Pravda, the Soviet Communist Party newspaper, yesterday described a NATO meeting in Madeira last week as a "primitive anti-Soviet spectacle," designed to promote the cause of right-wing parties io Portugal's forthcoming elections.

At the meeting in Funchal of the Atlantic Treaty Association, senior representatives of NATO discussed alliance strategy. Pravda said the association served to "propagate ideas and plans nurtured by NATO's military leaders and exert pressure on the public opinion of member countries."

W. German campaign referee may retire

By Our Bonn Staff

WEST GERMANY'S controversial "fair play" commission, which rules on whether politicians bave been hitting below the belt in a current election campaign, began a meeting yesterday to decide whether it should declare itself redundant in the face of mounting criticism from the ruling Social Democratic Party.

The commission, believed to be the first such body to be deployed in a West Europeao election campaign, has the rather quixotic aim of ensuring that the parties avoid all personal abuse and libellous or false statements. The parties have also committed themselves not to destroy each other's election posters and not to disrupt other parties' campaign meetings.

However, the commission, led by a bishop and including members of the four major parties, has rather rapidly discovered the limits of its power. It's reprimands have not beeo taken seriously and accusations and counter-accusations have come in at such a pace that it has beeo unable to devote much time to considering individual complaints.

The breaking point seems to have come last week when the commission found itself unable to rule definitely on the opposition allegation that Chancellor Helmut Schmidt had "swindled the electorate over old age pensions." That charge, repeated in this campaign, actually dates back to 1976 when, according to the CDU, Herr Schmidt broke ao election pledge on raising certain old age peosions.

The inability of the commission to make a definitive ruling meant, io effect, that the opposition Christian Democrats (CDU) are at liberty to carry on calling Herr Schmidt a "pension swindler." This has fuelled the doubts within the SPD about the value of the commission and several leadiog Social Democrats are now on record assaying that the commission is ineffective.

Cabinet may intervene on Irish pay

By Stewart Dalby in Dublin

IT NOW seems certain that the Irish Government will be forced to iotervene to break the deadlock in wage talks between the Irish Congress of Trade Unions (ICTU), which represents more than 600,000 workers, and the Federated Union of Employers (FUE).

The talks, aimed at settling a new collective agreement to replace the accord which expired on August 31, broke down last week over two crucial issues; the length of the pay freeze, and the size of wage increases to be paid. The FUE bad offered 15 months' agreement iocludiog a three months' pay pause, a 6 per cent increase plus ooe Irish pound (88p) a week for six months followed by a 6 per cent increase for a further six months

The unions were prepared to accept a 15 mooths' agreemeot but are seeking a one-month pay pause followed by an 8 per cent increase of I£2.50 a week for eight months and then a second phase which gives an increase related to the rise in the consumer price index between last May and next February. Inflation in Ireland is running at just under 20 per cent, but this is boond to fall before the end of the year.

Sharp rise in EEC inflation rate

BY JOHN WYLES IN BRUSSELS

THE PACE of consumer price inflation in the European Community picked up sharply in July because of large month-on-month increases in France, Italy and Belgium.

According to Eurostat, the Community's statistical service, the EEC consumer price index rose 1 per cent from June to July aod as a result was 13.7 per ceot higher thao in July 1979.

The June to July increase compared with 0.7 per cent from May to June and 0.8 per ceot from April to May and reflected a rising trend throughout the Community.

The exceptions were West Germany and Britain with the month oo month rate in the former dropping from 0.5 to 0.2 per cent and the latter from 0.9 to 0.8 per cent. France's price index was 1.5 per cent above the mooth before, Italy's 1.7 per cent and Belgium's 1.2 per cent.

The major change io the July 1979-July 1980 period is that Italy (21.7 per ceot) overtook Britain (16.9 per cent) as the EEC country with the worst consumer price inflation rate.

Senior members of the European Commission are to meet leaders of the European TUC tomorrow for a preliminary discussion of possible EEC-wide measures to stem economic recession.

The meeting's origins lie in an initiative byf our Commissioners, which has created some confusioo and cynicism here. At the end of July, M. François-Xavier Ortoli, the commission's seoior vice president who is respoosiblef or economic aod financial affairs, urged three of his colleagues to begin a search for possible reflatioaary measures, which could be recommended from Brussels.

Tomorrow's talks with the Europeao TUC were arranged shortly after that first meeting between M. Ortoli and Messrs. Davignon, Vredeling, and Brunner, the Commissiooers for Indnstry, Social Affairs and Energy. In the meantime, the group has been dubbed "the gang of fonr" because there was no prior discussion by the commission as a whole. There is doubt here about what can be achieved in the closing four months of this commission's existence.

The European TUC, whose president, Mr. Wim Kok, and secretary, Mr. Mathias Hinterscheid, will see M. Ortoli tomorrow, suspects a cosmetic exercise by a lame-duck commission. If they are encouraged by what they bear, however, they may be prepared to bring a delegation to meet the four Commissioners

Greek need to increase borrowing

By David Tonge

GREECE will need to increase its foreigo borrowing, according to Mr. George Rallis, the Prime Mioister. Delivering the traditional review of the ecooomy to mark the opening of the international trade fair at Salonika, he said that inflation, expected to remain at an annual rate of 25 per cent, and a widening balance-of-payments deficit were the country's major economic problems.

He predicted that the curreot account deficit will reach $2.4bn. This figure is close to the deficit forecast in the annual survey of Greece by the Paris-based Organisation for Economic Co-operation and Development which is due to be released shortly.

The OECD predicts that Greek gross national product is likely to stagnate this year, with no growth recorded

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Androsch likely to resign today

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S Vice-Chancellor and Finance Minister, Dr. Hannes Aodrosch, is expected to announce today his resignation from all his Governmeot positioos.

Dr. Androsch had a two-hour meetiog with Chancellor Bruno Kreisky yesterday. The Chancellor said afterwards that the Finance Minister would write a letter to him aod that the Minister was not going to accept Dr. Kreisky's 10-point programme which, among other things, would remove from the Finance Mioistry overall control over the oationalised banks.

Earlier the Chancellor met the powerful trade union leader and president of Parliament, Herr Anton Benya, who has beeo a staunch supporter of the Fioance Minister. The Chancellor also conferred with the Minister of Interior, Herr Erwin Lanc. That meeting has given a fillip to speculation that Herr Lanc might become the oext Finance Minister.

Dr. Androsch, 42, has served as Finance Minister for more than 10 years. He has loog been regarded as Dr. Kreisky's likely successor. However, criticisms about his business interests aod attacks on some of bis business partners have increasingly undermined his position.

Fiat and union in lay-off talks

TURIN—The Fiat car company and the Italian metal-workers' union met yesterday to discuss the company's plans to cut production by 20 per ceot and to lay off 24,000 employees over 18 months.

Fiat has suspended its dismissals plan temporarily at the request of the Government to seek alternative approaches with the trade unions.

Reuter

Interest rates rise in Norway

BY FAY GJESTER IN OSLO

NORWEGIAN commercial and savings banks have increased interest charges to customers on most kinds of loans. This follows the Government's announcement at the weekend that interest rates, which have hitherto been subject to restrictions in line with the general price freeze, will now be regulated by the Finance Ministry.

An increase of 1 percentage point has been permitted by the Government oo rates charged on long-term loans and of half a percentage point oo short-term loans.

The higher interest rates will partly compensate the banks for a recent steep increase in the minimum reserves they must deposit at the central bank. The increase in the reserve requirement was aimed at forcing banks to stay within lending quotas set by the authorities.

Leslie Colitt reports on a visit to Poland's second-largest and oldest industrial city

Workers of Lodz unite for pigs' knuckles

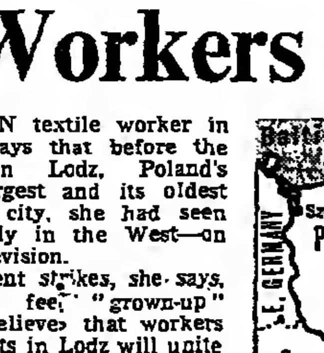
A WOMAN textile worker in her 20s says that before the strikes in Lodz, Poland's second largest and its oldest industrial city, she had seen strikes only in the West—on Polish television.

The recent strikes, she says, made her feel "grown-up" and she believes that workers and students in Lodz will unite to press for more concessions. "Perhaps, we will too," she adds.

Lodz is a city mainly of woman textile workers, up to now largely uninterested in politics, either of the leadership or the opposition. Poland's Manchester, as local people still call it with pride, has the longest working-class tradition io Poland and is thus something of a symbol for the Communist Party. Lodz is a barometer for the mood of the nation.

A mooth before the strike began in Gdansk, thousands of women stopped work at their sewing machines and cutting tables. They were angered by an announcement that from then on pigs knuckles would only be sold in "commercial" meat stores aod at a much higher price than in the State butcher's shops. In fact, pigs knuckles had long been a mirage in Poland's cities, but for one Lodz activist, at this episode in Polish history may one day be known as "from pigs knuckles to freedom."

During the mass strike oo the Baltic coast, the textile women of Lodz stopped work agaio, for three days, along with workers from the Textima textile machinery plant and the city's



tram, but and taxi drivers. The workers in the other factories and in public traosport raised political demaods the women clothing workers did not.

Working a six-day week and standing in endless queues after work for necessities, they stuck to basic ecooomics.

Advisers from the Gdaosk strike committee have come to Lodz to help organise new independent trade uniona in the textile plants and they say the womeo are suspicious and afraid of police action agaiost the unofficial unions. But if the terms of the pay raises agreed in Gdansk are not equallel in Lodz, the women say there will be more strikes. With each new strike, the level of what the Communist Party calls their "political consciousness" is raised another notch, especially among the youoger women.

The founding committeea of the independent unions, known as MKZ, bave beeo established in nearly 50 factories in the Lodz area after their election by strike committees. It is hoped in Lodz that they will become full-fledged unions if and when the Poliah Parliament, the Sejm, approves them. If not, confrontation is felt to be inevitable.

When the autumn term opens at the university on October 1, there will be some 40,000 students in Lodz — at the sprawliog polytechnic, the college of fine arts and the renowned Lodz film school. In recent years, the preseoce of so many students in a workers' city, even though they seldom mixed, made the authorities more nervous and repressive than in liberal Warsaw, two-and-a-half hours away by train.

The members aod sympathisers of Kor, the social self-defence committee which has seen many of its political demands enshrined in the Gdansk agreement, are not optimistic about in independent students' union to replace the party-dominated students union at the university. They say students are afraid to take the first step lest they be expelled.

Reaction to Mr. Stanislaw Kania's appoiotment as Communist Party First Secretary ranges from the taxi driver's succinct "new singer, same old record" to the saleswoman who pondered and said: "I've heard the name before. He's not a new man is he?" A member of KOR, oo hearing the news over the telephone, began sobbing and said: "That's not good."

If food exports are being diverted to the domestic market, there is little sign of it in Lodz. A large food store in the centre of the city gets two deliveries a day of a pail half-filled with ground beef. It is sold out within minutes. An imported pair of scales from West Germany aits, largely unused, on the meat counter—one investment in Western technology which may not have been necessary. Polish sausage is a fond memory and as for ham, it is non-existent.

There was a rap on my hotel room door and two men pressed inside. They introduced themselvea as "police" and sat down to study my passport and Press visa.

"We know you met a woman who is connected with KOR, at 1800 hours on the corner," he explained. I said that not only had I spoken with her, but also with her husband and their friends as well. This was not illegal.

He shrugged his shoulders and said I must remain io my room until it was decided what to do with me. Half an hour later, the men returned and told me to pack my bag as I was leaving Lodz on the next train.

With one of the men on each side, I walked towards the main railway station. One looked at his watch. It was past knocking-off time. After a few words, they agreed on a Polish compromise. They proposed that I walk on alone to the railway station aod eject myself from Lodz. I did.

EUROPEAN NEWS

Count Otto Lambsdorff, W. German Economics Minister: far from concerned that he may be catapulted out of office.

The world according to Count Otto Lambsdorff

BY JONATHAN CARR IN BONN

IT IS not easy to catch the flying figure of Count Otto Lambsdorff, the West German Economics Minister. If he is not touring China, or chairing a meeting of the International Energy Agency (trade and energy are two responsibilties of his "super-ministry"), be is likely to be on the campaign trail. The general election is less than a month away, and Count Lambsdorff's liberal Free Democratic Party—the junior partner in the Bonn coalition with the Social Democrats—is fighting for its life. At the last election the Free Democrats gained only 7.9 per cent of the vote—and if they gain less than 5 per cent they will get no seats in the Bundestag.

Tracked down in a Duesseldorf restaurant, Count Lambsdorff seemed far from concerned that he might soon be catapulted out of office. He ranged over East-West relations, British energy policy, the European Community and domestic affairs with the air of a man who expects to be grappling with such problems for a long time to come.

Renowned for his directness, he lost no time in despatching one topical question: relations with the East. Poland had just been given a DM 1.2bn (£281m) commercial credit, a third of it guaranteed by the Government, and now Yugoslavia wants a total loan from West Germany of DM 3bn. Was Bonn ready to relax its rules, under which financial credits could be state-backed only if they helped to secure raw materials supplies for the federal republic? The answer was no. If Yugoslavia produced a suitable raw materials project, Bonn would consider it. But, so far, Count Lambsdorff, was not aware of one. The aim should be to help Yugoslavia — a developing country — internationally, for example through the World Bank or perhaps the European Investment Bank.

If the West German Government were to depart from this principle, political as well as financial problems would ensue. Mr. Alexei Kosygin, the Soviet Prime Minister, had asked him how the state would guarantee trade with China. The answer had been that it would do so on the same basis as with any other country, including the Soviet Union. The Chinese themselves had not been too happy with this message, Count Lambsdorff recalled, but it did no good to raise false expectations. His recent visit to China had confirmed that trade would most probably develop mainly on the basis of Chinese raw materials, which Germany greatly wanted, in return for German industrial goods

As for Soviet trade, Bonn would stick to its promise not to take business from Moscow which U.S. firms lost because of the restrictions President Jimmy Carter imposed after the Soviet invasion of Afghanistan.

But, he added more cautiously, it had always been necessary to make clear to the U.S. that trade with the Soviet Union and Eastern Europe played a bigger role in the West German economy than it did in the economy of the United States.

Turning to Western Europe, Count Lambsdorff expressed his support for the economic philosophy of Mrs. Thatcher, Britain's Prime Minister. He was not sure whether the British Government's actions would be enough to counter what he felt were years of misplaced policy based on Keynesian theories, an outmoded trade union structure, and, in many cases "lousy British management." But there was no fundamental reason why the British with their abilities and natural resources, should not do as well economically as the Germans.

Did the West Germans want major changes in Britain's energy policies? The answer, perhaps surprisingly, was no. There had been a time when the Bonn Government complained about the high price of British oil. Now Bonn merely demands that Britain not lead a new round of price increases. Then again, Count Lambsdorff agreed be had had some reservations about the British Government's ways of promoting North Sea oil exploration—but his own officials bad talked him out of them.

The only major request to Britain was for increased oil-sharing efforts in times of crisis. But was not Britain committed under International Energy Agency rules to such a policy—when a trigger indicating oil supplies had fallen below a particular level was set off? Yes, Count Lambsdorff agreed, but perhaps Britain could do a little more for its European partners to see that the trigger point was not reached.

In any case, he had long been a firm believer that British energy and the question of change within the Common Agricultural Policy could be linked. Perhaps they could be when the French presidential elections were out of the way early next year and the big debate began on the European Community's farm policy, the budget and enlargement. No one, be said, should be under any illusions. The French were making absolutely clear that the basis of the Common Agricultural Policy was not up for discussion—only changes, not reform, which would help to deal with the problem of surpluses. One thing was certain. The basis of 1 per cent value added tax for financing the Community budget must on no account be exceeded, not even if a solution on farm policy were found which would cost 1.1 per cent of VAT.

And who on the West German side in a new cabinet was going to see these changes in farm policy through? The answer is Count Lambsdorff's Free Democrat Party friend, Herr Josef Ertl—who has been Farm Minister for 10 years and had never actually resigned, despite several threats to do so. Count Lambsdorff did not think much of the question of whether he might like to include agricultural policy in his Economics Ministry. Nor did the Social Democrats want the Farm Ministry, despite their complaints about the Common Agricultural Policy. Herr Ertl should stay.

So there would be no major cabinet changes if the Social Democrats and Free Democrats win on October 5? The answer, as Count Lambsdorff glances at his watch and rises to leave, is diplomatically but clearly phrased. Chancellor Helmut Schmidt, he says, is not one who willingly sees major changes among those around him who hold responsible positions.

Tempestuous four months ahead as Soviet Union stands in the dock

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

FROM TODAY for much of the next four months, the Soviet Union will be standing voluntarily in the dock, publicly discussing its record on human rights and defending its role in Afghanistan. It will do so aggressively, for lined up beside it will be 34 other countries from the Warsaw Pact, the North Atlantic Treaty Organisation and Europe outside the pacts. The blocs at least, will be trying to prove to the jury of world opinion that they are more innocent than their opponents.

The occasion which draws together states ranging from the Vatican to the Soviet Union and from San Marino to the U.S. is the second meeting to review the Helsinki Final Act. That document was signed five years ago. Its continuing relevance was shown only ten days ago when Polish strikers insisted on publication of the Act in Poland as a condition for returning to work.

The Final Act was the fruit of two decades of intermittent discussions between East and West and three years of intensive negotiations involving the U.S., Canada and all the European states except Albania. Its result is a document formally recognising the post-war division of Europe and setting out the principles on security, economic exchanges and human rights which all signatories agree to observe.

Now preparations for the review conference are to start this morning in Madrid and are expected to last about a month. The main conference, also in Madrid, is due to begin on November 11. Delegates forecast that it will carry on to Christmas, go briefly into recess and then wind up about a month later.

The omens are poor. The Americans and the British have said they will use the Madrid meeting to "raise the Afghanistan issue and to challenge the Soviets' performance and all participating countries' performance in the human-rights area," as Mr. Edmund Muskie, the U.S. Secretary of State, put it.

The Russians are expected to reply in kind, raising such issues as Northern Ireland, the British - French actions in Vanuatu (formerly the New Hebrides) and the "human rights" of Britain's 2m unemployed.

The debate could prove as heated and ultimately unproductive as did the first review conference in Belgrade. This focused on the issue of human rights. With Afghanistan now top of the West's agenda, it might be asked why the Russians are prepared to attend.

The answer lies in the origins of the Helsinki Final Act. These date back to the early 1950s when Russia abandoned its proposals for a reunified and neutralised Germany and sought to involve "two German states" in a European security treaty. By the early 1970s they were pressing mainly for the recognition of existing borders.

The resulting conference on security and co-operation in Europe led to a bargain. The West traded the "inviolability of frontiers" in return for gaining, and giving, the right for each country to monitor human rights developments elsewhere.

That all 35 European countries taking part in the conference had insisted on the right of veto meant that countries like Malta were able to impose undertakings on Mediterranean security on the conference. Yugoslavia insisted that signatories should conduct their relations with all other states in the spirit of Helsinki—a point contained in the Final Act and explaining why the West argues that it has the right to raise developments in Asia at a conference on Europe.

Moscow remains involved in the Helsinki process not just because of its concern for the fixing of borders but also because it likes to be seen sitting on equal terms with the West and wishes to emphasise that, at least in Europe, political detente has been achieved. It is calling for this detente to be followed up in the military sphere.

The West sees several advantages in supporting the Final Act. These include the right to raise such matters as human rights and Afghanistan. Western diplomats emphasise the value attached to the Act by countries such as Hungary.

The diplomats claim that in the run up to the Belgrade and Madrid meetings Moscow has tended to be more punctilious about observing the human rights provisions of the treaty.

While the group set up in Britain to monitor observance of the Final Act is headed by Lord Caccia, a former head of the Foreign Office, those in Eastern Europe are headed by human rights' activists. Their attempts to demand respect for the Final Act have often led to their arrest. But they still believe, as do the Polish workers, in the value of the Act. What they question is the West's willingness to insist on the Act's enforcement.

Delegates generally expect the preparatory conference to be low-key,

It remains to be seen whether what diplomats call the "atmospherics" and "climatics" of the conference will allow the delegates to proceed from acrimony over the past to proposals for the future. In the field of security new proposals which may be tabled include suggestions for more interchange of military observers and, more controversial, for further disarmament conferences.

The French, with partial and grudging support from NATO are proposing a conference on disarmament in Europe. They would like to define Europe, as Gaullists and school textbooks do, as stretching from the Atlantic to the Urals. The Final Act only requires notification of manoeuvres up to 250 kms inside the Soviet Union.

In the economic field, the West is pressing for more commercial information from Comecon, while the East would like to follow up recent conferences on science and the environment with one on energy. At the moment this suggestion is resisted by European Community countries

On human rights the West will be putting forward proposals to speed up unification of families, pressing the Eastern bloc to speed up the issue of passports, and urging the improvement of working conditions for groups such as journalists.

Finally, the Madrid meeting will have to decide if, when and where to hold a further review conference. But, with Madrid like Belgrade expected to be tempestuous, few people are suggesting that it could be a case of third time lucky

What the diplomatic jargon disguises

Five years ago 35 States in Europe and North America signed in Helsinki a document confirming the post-war division of Europe. The States also agreed on principles of human rights and how they should treat each other.

The document now widely known as the Helsinki accord, has become obfuscated with jargon. It is the Final Act of the Conference on Security and Co-operation in Europe. It contains four "baskets," as the groups of subjects have become known. It also involves, as a diplomat might say, CBMs a CDE and a CMD and D.

The Act itself contains 10 principles governing relations between States. These range from refraining from the threat of force to respecting the inviolability of frontiers and human rights.

BASKET I of the Act contains the 10 principles as well as a document on confidence building measures (CBMs to diplomat) such as prior notification of military manoeuvres and exchanging military observers.

BASKET II covers co-operation in the field of economics, science and technology and the environment. It also deals with Mediterranean security co-operation.

BASKET III deals with human rights, flows of people, information and culture.

BASKET IV sets out resolutions on following up the Helsinki meeting.

In the field of disarmament the French have put forward a proposal for a conference on disarmament in Europe (CDE). This will probably gain the grudging support of NATO countries. The Russians are proposing a conference on military detente and disarmament (CMD and D).

OVERSEAS NEWS

Zhao Ziyang's long march to the premiership

BY TONY WALKER IN PEKING

Zhao Ziyang

MR. ZHAO ZIYANG, China's new Prime Minister, believes in hard work and modern methods of economic management. It was noticeable at sessions of the National People's Congress (China's parliament) that he spent more time bent over his papers thao other senior colleagues who were content to sit quietly listening to proceedings. Mr. Zhao—pronounced "Jow" (the sound of "now") and "Zeeyang" (the American zee)— conveys a sense of vigour and confidence.

His assumption of the premiership is not surprising. Mr. Zbao, 62, has just completed a successful tour of duty as party boss in Sichuan, China's most *populous* province. Perbaps, more important, he enjoys the patronage of Mr. Deng Xiaoping, the most powerful figure in the Communist hierarchy, who has spent the past year or so manoeuvring his proteges into important office.

Unlike *Chairman* Hua Guofeng, the outgoing premier and a virtual unknown, wben he was elevated to the premiership in 1976, Mr. Zhao is a national figure who has enjoyed a surge of publicity in the past year. In fact, it could he said that his rise has been shrewdly stage-managed by Mr. Deng's forces. First, his efforts in Sichuan received favourahle publicity in the Chinese Press. Mr. Zhao was *brought* permanently to Peking in February this year, after the Communist Party Central Committee appointed him to the standing committee of the Politburo, the small group which effectively rules China.

At this point, Mr. Deng began letting it be known that Mr. Zhao was in charge of the state apparatus. Then, in June, Mr. Hu Yaobang, general secretary of the Community Party Central Committee, hinted in an interview with Yugoslav journalists that an important change in state leadership was on the way. In the meantime, foreign diplomats had been told privately that Chairman Hua was likely to relinquish the premiership. Finally, it was left to Mr. Li Xiannian, the veteran party official, to confirm publicly in an interview with the New York Times in July that Chairman Hua and five vice-premiers, including himself, were resigning their state jobs. By this stage, the message would have spread far and wide in China that there was to be a new prime minister. Mr Zhao's appointment has been a very Chinese process, carried out with some subtlety.

Through it all, Mr. Zhao has heen visible, but not too visible. He has met his share of visitors, but has not overdone it. Most important *ceremonial tasks* have heen left to Chairman Hua. No douht, the new premier has been preoccupied with preparing for the Congress, which has embraced the progressive policies he followed in Sichuan. In effect, the Congress has turned Mr. Zhao's provincial policies into national ones.

What are the Chinese people getting in their new premier? As with many officials of his generation, information about Mr. Zhao is sketchy. He was horn to a well-to-do family in Henan province, central China, in 1918. He joined the then underground Commnnist Party when he was 20 and was an activist for the next dozen or so years until he was posted in 1950 to Guangdong province, south China, after the Communist triumph.

He worked his way through several administrative johs until his appointment in 1956 as political commissar in Guangdong's *People's Liberation Army* provincial command —an *important military* and administrative party position. *In 1965, he was made first party* secretary in charge of *provincial affairs.*

Mr. Zhao was not able to enjoy his appointment as provincial leader for very long. In 1966, along with just about everyone else in authority in China, he *was criticised* at the outset of the Cultural Revolution. He was purged the next year, and although he is said to *have been rehabilitated by* the late 1960s, he re-emerged only in *1971* as *a party official* in Inner Mongolia. That could hardly have been regarded as a promotion.

Nevertbeless, by 1974 he was back in Guangdong as first party secretary. In 1975, he was posted as provincial boss to Sichuan, apparently at the urging of Mr. Deng, who had himself been recently rehabilitated. The Sichuan appointment was to provide the springboard for Mr. Zhao's rise to national prominence. The province was in a shambles after the Cultural Revolution, and in the three years up to 1979 achieved remarkable results. In those years, *according to local officials,* the annual growth rate was 22 per cent.

Mr. Zhao's reforms included encouraging local peasants to cut down the number of crops each year, thereby increasing productivity and cansing less waste. He also overbauled industry, instituting a systam of self-management which led to sharply increased productivity. People in Chengdu and Chongqing, Sichnan's largest cities, speak approvingly of his stewardship.

In 1978, a most important pointer to Mr. Zhao's rise through the party was given when he accompanied Chairman Hua to Romania, *Iran* and Yngoslavia. Systems of economic management in the latter were influential in some of the reforms now being instituted in China. It was about this time that he began appearing in Peking in connection with *important party* matters. He was appointed an alternate member of the *Politburo* in August 1977, and a full member a little more than a year later.

Mr. Zhao is likely to have a busy time in his first months as Premier. One of his first visitors will be Mr. Robert Muldoon, New Zealand's Prime Minister, who arrivea this week. But Mr. Zhao Ziyang, in the spring of his prime ministership of a quarter of the world's people, is likely to be preoccupied hy rathar bigger questions than the price of New Zealand lamb chops.

China 'unable to meet oil export commitments to Japan'

BY RICHARD C. HANSON IN TOKYO

CHINA'S *OIL* production, which bad been expected to rise *rapidly* enough to *sustain a* doubling of its annual shipments to Japan by 1982, is now expected to stay flat for several years, according to a Japanese trade official who has just returned from Peking.

Mr. *T.* Yano, Vice-*Minister* at the *Ministry* of International Trade and *Industry*, estimates that, because of the shortfall, China *will* have *to ask* to he "excused" from supplying all the 9.5m tons of oil it was due to ship to Japan in 1981 under a two-way trade agreement.

An agreement to ship 15m tons of oil in 1982 has become completely unattainable. China is, however, expected to fulfil its undertaking to ship 8m tons of oil to Japan during 1980.

The reason for China's failure to step up oil production is that exploration has been slow to get nnder way in the offsbore areas (such as Pohai Bay in north-east China), while production from onshore fields is proving hard in increase.

More than 90 per cent of China's oil production is consumed domestically, with the remainder (some 10m tons per *year)* being *shipped* to Japan and other Far Eastern countries.

Oil consumption in China is rising steadily as the economy expands, witb the result that amounts available for export are apparently tending to diminish.

Chioa could cease oil exports altogether if there are further delays in bringing offshore areas into production or if exploration in the offshore area fails to yield results. Exploration in Pohai Bay is heing conducted on a joint venture basis hy Cbina and *Japan, with* drilling due to get under way next month.

China's oil production problem undermines one of the basic premises of the eight-year private level economic co-operation agreemeot signed in 1978. That pact, presented *with much fanfare at tbe time,* calls for $20bn (£8.3hn) in two-way trade. Oil, followed hy coal, are tbe two main Chinese exports items, while Japanese husiness provides large amounts of plant and macbinery.

Tha Japanese side has already sold a substantial part of that equipment. Cbina's exports ware expected to increase in tbe latter years of the agreement after Japanese-fioanced oil and coal development projects came on stream.

More emphasis may now have to he placed on coal. The Japanese are also exploring other possihle means of increasing imports from China, such as joint derelopment of non-ferrous metals. There is one tentative idea to develop *Anching* copper mine in the north-east province of Anhwei.

It appears possible that copper exports could eventually take up some of the "slack" likely to be caused by the stagnation of oil exports.

Mr. Toshio Doko, chairman of the private level Japan-China Association on Economy and Trade, today begins two days of regular trade talks in Peking, with the oil prohlem *high on the agenda.* Under the original agreement, oil import levels for 1983-85 are to he negotiated hy March next year.

Lee pessimistic over Singapore industry

NEW DELHI — Mr. Lee Kuan Yew, Singapore's Prime Minister, restated yesterday that Singapore may have heen unwise to get into the petrochemical industry, and added: "We have to get out of it."

Mr. Lee said at the end of the Asian and Pacific Commonwealth Conference that in 1978, Japan had identified 13 critical industries, including petrochemicals.

Lower-wage countries and *high oil prices were squeezing* the Japanese from world markets in these industries, prompting them to cut down on these sectors and transport them to South Korea, Taiwan and Singapore, Mr. Lee said.

"We bave entered the petrochemical industry as a consequence. But looking ahead to the 1990s, I am wondering whether we were wise, because we will be sqneezed by the middle or end of that decade."

The advantage for petrochemicals would go to oil-producing nations like Malaysia and Indonesia, be added. Reuter

Kathryn Davles adds from Singapore: Mr. Lee's remarks are a major surprise here, coming so soon after the official ceremony inaugurating construction on the new petrochemical complex.

The first phase of the complex, scheduled for completion in mid-1982, provides for a $1bn cracker drawing naphtha and liquid petroleum gas feedstock from Singapore refineries.

Barely six weeks ago, Singapore's *Finance* Minister, Mr. Hon Sui Sen, said the construction site on an island off the Singapore mainland would "be a hive of construction activity.

Officials from the Economic Development Board have been quick to deny what they said were rumours from Delhi over the past few days.

Suggestions that the complex would take more than 10 years te break even bave obviously worried Ministers.

Israeli plan to demilitarise the West Bank

By David Lennon in Tel Aviv

A PROPOSAL to demilitarisa part of the West Bank and limit tha Israeli military presence in other sections of the territory — provided Jordan joins the peace talks and agrees to take parallel steps—has heen made by Mr. Ariel Sharon, Israal's Agriculture Minister.

This is one of the ideas which the Cabinet's arch-hawk, who is the driving force behind the Govarnment's Jewish settlement policy in the occupied territories, *presented to* Mr. Sol Linowitz, U.S. special Middle East envoy, during his visit to the region last week.

Accordiog to Israel Radio, Mr. Sharon also said that if the authorities ruling the proposed Palestinian autonomy areas in the West Bank and Gaza undertook to prevent terrorism, Israel would give up its demand *to control internal security in* these areas.

Reuter ***adds from*** **Paris:** Egypt and Israel must restore a climate of confidence and reach broad agreement on the vital question of Jerusalem before talks on the autonomy of Palestinians on the Wast Bank and Gaza can make headway, Dr. Hosni Mubarak, Egyptian Vice-president, *said.*

Assad in talks on union of Libya and Syria

President Hafaz Al-Assad of Syria flew to Libya yesterday for summit talks with Col. Muammar Gaddafy, that are expected to lead to the formal union of the two countries and the strengthening of the radical Arab camp, Reuter reports from Beirut. The countries are 600 miles apart, but the merger plan has baen interpreted in both their capitals as a way of ending Syria's isolation in the front line against Israel, and of strengthening opposition to the U.S.-sponsored Camp David accords.

'Political solution' call

The heads of Government of the 16 Asian and Pacific Commonwealth nations yesterday called for political solutions in Afghanistan and Kampuchea that wonld leave both countries free from outside interference, Reuter reports from *New Delhi.*

The *conference also* declared that a Middle East settlement recognising the rights of the Palestinians was urgently needed.

S. Korea forecast

South Korea's growth rate will fall to about 3.2 per cent in 1980 the lowest for 17 years—the semi-official Korea International Economic Institute said yesterday, Reuter reports from Seoul.

Ford S. Africa accepts black shop stewards

BY BERNARD SIMON IN JOHANNESBURG

IN AN important breakthrough for black trade unionism in South Africa, Ford's local subsidiary has agreed to the appointment of full-time shop stewards to represent the company's workers.

An agreement between Ford and three *trade unions,* one all-white and the other two representing black and *mixed-race* workers, provides for six full-time and 20 part-time shop stewards to negotiate with management on wages, conditions of employment and grievances. The full-time stewards will work under the authority of their unions, but will be paid by Ford.

The agreement has a double significance. Factory floor representation has until recently not been popular in South Africa. White workers, who have accounted for the bulk of the unionised work-force, have preferred to rely on union representatives, worker committees and industrial councils to negotiate wages and discuss grievances.

Furthermore, one of the unions which is a party to the Ford agreement—the United Automobile Rubber and Allied Workers Union—has not been officially registered by the Government. South Africa's new labour dispensation is aimed at ostracising unregistered unions.

Mr. Rred Sauls, *secretary of* the coloured National Union of Motor Assembly Workers, another of the parties to the agreement, said it was "a move in the right direction for South African industrial relations."

Miller expects higher prime to be temporary

BY DAVID BUCHAN IN WASHINGTON

THE RECENT climb in U.S. interest rates, including last week's rise to 12 per cent in the rate big banks charge their prime commercial customers, is "temporary," according to Mr. William Miller, the Treasury Secretary, in an interview published yesterday.

The Treasury chief told the New York Times that the U.S. was not facing "a period of sustained interest rata rises," but he did not forecast how fast or far they might fall. "Whether interest rates will get back quickly to where they were four weeks ago I don't know," ha said.

Mr. Miller's words could be interpreted as a public signal to the Federal Reserve Board, the constitutionally independent central bank, to implement monetary policy gently in the next few crucial weeks. The Carter Administration is understandably nervous about the effect of rising interest rates on voters in the Presidential election.

Bnt the Treasury Secretary also said there would soon be "clear signs of recovery" in the U.S. economy. Ironically, this is one reason why aome private economists regard Mr. Miller as over-optimistic on interest rates—an economic pick-up would take the inflation rate, which has only been slightly depressed by recession, up with it.

Gross National Product in the last three months of 1980 would improve on the expected GNP drop in the current quarter, Mr. Miller forecast, and the earlier Administration prediction of unemployment rising to 8.5 per cent in the fourth quarter would probably not materialise.

In fact, the Angust unemployment rate was last week reported to have dropped to 7.6 per cent, from 7.8 per cent the previous month. At the same time, a 1.5 per cent rise in wholesale prices in August presages an upturn in consumer prices this Autumn.

One factor influencing interest rates over which the Administration has some control is the level of Government borrowing. The federal bndget deficit for the fiscal year ending this September 30 is likely to top $60bn, a considerable weight on the credit markets and very largely due to the recession effect on Federal revenue and outlays.

Bank curbs may be eased

By Paul Betts in New York

AN ADMINISTRATION task force is to recommend later this year a substantial easing of restrictions currently limiting interstate activities by U.S. hanking institutions.

This move, with major implications for foreign banks in the U.S., was confirmed hy Mr. Stuart Eizenstat, President Jimmy Carter's chief domestic policy adviser, in a speech at the weekend to the American Bankers' Association in Washington.

He said the task force, set np in 1978, would recommend in its long overdne report a gradual liberalisation of the Douglas Amendment, which prevents U.S. hanks from taking over hanks outside their home states unless granted special dispensation by state anthorities.

The debate over interstate banking is currently causing great interest among foreign banks, which have been increasing their penetration of the U.S. market in recent years. The most recent example is Midland Bank's proposal to take over Crocker National of California.

But Mr. Eizenstat indicated the task force would recommend a cautions approach to the liberalisation

Maralyn Edid in Chicago reports on the plight of one recently unemployed American

Down but not out in north-west Chicago

MR. PETER BAGNUOLO persuaded his employers some time ago to subscribe to an agency that would help any executives it laid off to find another job. He is lucky they agreed.

This year Mr. Bagnuolo himself bas been forced to use the agency's services. His employers, private health insurers Blue Cross Blue Shield, combioed his job with another post and declared him redundant.

Like a growing number of Americans who have lost their

WORLD IN RECESSION

johs in recent months, he they blue-collar factory workers or white-collar professionals and managers, Mr. Bagnuolo is learning to cope with the economic downturn of 1980.

Although most of the job losses have tbeen concentrated in the motor, ateel and housing industries, many other firms are reducing pay rolls as a defence against the recessioo and chronic inflation.

To maintaio its competitive edge, for instance, Blue Cross Blue Shield's 1980 budget goal is to trim administrative expenses by 7 per cent. By 1982 the company wants to bring administration expenses back to the 1977 level.

Mr. Bagnuolo is a casualty of that campaign. His position as administrator of pensions and benefits for Blue Cross Blue Shield's 3,600 employees was merged in April with the post of salaries manager.

The company told Mr. Bagnuolo, who joined the firm seven years ago and has been working in employee benefits since 1975, that it preferred someone with a strong background in aalaries management.

Although he has been out of work now since June, Mr. Bagnuolo is not despondent. He is determined to find the right job, preferably in employee benefits.

Every morning, Mr. Bagnuolo leaves bis apartment on Chicago's north-west side, either to make the rounds of friends and acquaiotances who might give him a job lead or to continue renovating tbe nine-flat apartment building he bought last year.

He can afford to wait for the right job. He is an adept home repair man and could hire bimself out as a day-labourer

He and his 39-year-old wife Barbara are qualified ski instructors, and Mr. Bagouolo works in a ski patrol at a nearby park during the winter. By next year the apartment building will also generate income.


Peter Bagnuolo . . . the unkindest cut.

The Bagnuolos bave always been thrifty livers, and so far have made relatively few adjustments in the family budget. Out of an annual salary in the range of $35,000 (£14,450) they saved at least $6,000, most of whicb bas gone to finance the $75,000 they have ploughed into renovating their investment

Mrs. Bagnuolo's father owns the building they live in, where the monthly rent on their apartment is $250. The couple do not use credit cards, and own their 1973 Ford outright.

The Bagnuolos and their six-year-old daughter Susie favour poultry over more expensive beef. Ahout the only expense the family baa cut is entertainment — they rarely eat out and invite people less frequently.

Perhaps the most significant change is Mrs. Bagnuolo's decision to work 40 hours a week as a legal secretary, with placements made by a temporary employment agency.

For the past four and a-balf yeara sbe has done occasional work at home for $10 an bour, earniog the family an extra $2,000-$3,000 a year. As a temporary, she earns only $6.50 an hour, but the income is more regular. She might take a permanent job if it met her standards of pay and flexibility.

Her busband haa applied for unemployment insurance, which he estimates would bring in $135 a week for 26 weeks if bis application is approved. Mr. Bagnnolo says be will evaluate his prospects in November and perbaps decide to move in some other direction if be is still unemployed.

Survey shows Carter level with Reagan

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER has drawn level with Mr. Ronald Reagan, his Republican challenger, for the first time in months, in a major national opinion poll.

The survey conducted for Time Magazine by the Yankelovich Polling Organisation gave each man 39 per cent of electorate support and showed the President with a 10 point lead among women voters, possibly reflecting the Republican Party's recently watered-down backing for the equal rights amendment.

Mr. John Anderson, the Independent candidate, came in a distant third with 15 per cent. But this is a slight improvement on his recent ratings and may win him inclusion in the forthcoming televised election debate with the two major candidates.

Yesterday Mr. Jody Powell, the White House Press Secretary, conceded that the Carter campaign effort to have one television debate with only the President and Mr. Reagan was making no headway. Mr. Reagan has refused to exclude Mr. Anderson outright, in the knowledge that all the polls show the Independent drawing fewer votes from himself than Mr. Carter.

Inevitably, members of the Carter Administration are being drawn into the political fray. The Repnblicans have accused hoth Mr. Harold Brown and Mr. Edmund Muskie of politicising the Defence and State Departments, and now Mr. Zbigniew Brzezinski, the National Security Adviser, has been criticised from a different quarter.

Already embroiled in controversy over his handling of some classified information in the affair linking Mr. Billy Carter and Libya, Mr. Brzezinski bas been sharply criticised by Mr. William Sullivan, the former U.S. Ambassador to Iran, of interfering in policy-making and suggesting a military coup against the Ayatollah Khomeini.

Shortly after the Ayatollab took power early in 1979, Mr. Sullivan said Mr. Brzezinski telephoned him over an open line to ask "whether he thought I could arrauge a military coup against the revolution.

"I regret that the reply I made is unprintable," Mr. Sullivan wrote.

New York chooses Senate poll candidate today

BY PAUL BETTS IN NEW YORK

NEW YORK goes to the polls today to cboose Democratic and Republican candidates for the U.S. Senate election in November after a primary campaign which was remarkable for unpleasantness and bad taste.

Tbe battle in tha Republican camp bas been particularly unsavoury with tha veteran and respected liberally-minded Senator Jacob Javits fighting to win a fifth term against bis more conservative opponent, Mr. Alfonse d'Amato, the town supervisor of Hempstead on Long Island.

Mr. Javits is fighting his first major primary contest in his distinguisbed 24-year senate career, as in the past his nomination was not questioned. His opponent, according to the Senator, the senior Republican on the Sanate Foreign Relations Committee, is seeking to unseat him by what be calls "ghonlish tactics."

Tbe New York Republican Primary has been fought essentially on one issue—the 76-year-old Senator's failing health.

Mr. Javits, who became a Senator in 1956, first raised the issue when he announced last Februarly he would seek re-election and disclosed be had a motor-neuron disease—an illness which is slowly eroding bis nerves.

Mr. d'Amato subseqnently tailored his campaign—at times going to extremes—on the Senator's bealth. Thus New York television viewers bave ben treated to campaign commercials with a smooth voice telling them "and now, at 76 and in failing health he wants six more years" as the screen showed a crumpled Javits poster dropping to the floor.

In turn, Mr. Javits political commercials show the veteran Senator behind a desk saying: "I know my health—I would not run if I could not serve."

Not to be outdone, the Democrats have staged their own glittering primary sbow in New Ynrk. Among tbeir four candidates are two of the more glamorous faces in American politics—Mr. Jobn Lindsay, the former New York mayor, still according to some popular magazines "a bit nf a dish," and a former Miss America, Miss Bess Myerson, hwo has made a name for herself as a consumer protection cbampion.

Rift in El Salvador army threatens more bloodshed

BY WILLIAM CHISLETT IN MEXICO CITY

A SERIOUS rift is developing in the armed forces of El Salvador which threatens to plunge the country into even greater bloodshed. The battle between Right and Left wing extremists has already killed 5,000 people in the Central American country this year.

Washington is watching the latest development closely. The U.S. fears that an army split would destroy the regime it has nurtured, and open the way for full-scale civil war, with repercussions on the whole unstable region.

The dissension in the ranks came to a head last week when Col. Adnlfo Majano, one of the two military representatives in the five man civilian-military junta, publicly protested at the transfer of some liberal officers loyal to him to pnsts where they have less control over troops.

Col. Majano said he had not countersigned the nrder issued by the army high command, and threatened tn resign if the order was not rescinded.

The move highlights the divisions which have developed in the armed forces since reform-minded officers, led by Col. Majano, overthrew the Right-wing dictatorship of Gen. Carlos Romero a year ago.

The order for the transfer of the officers was issued by the highly conservative Defence Minister and by Col. Abdul Gitiérrez, the other military member of the junta.

WORLD TRADE NEWS

Ghana in attempt to rehabilitate Black Star Line

BY LYNTON McLAIN

THE GOVERNMENT of Ghana yesterday disclosed a series of measures to re-establish the credibility of the Black Star Line, the country's State-owned shipping line which has recently suffered from serious financial management and labour relations problems.

Black Star Line, a member of the UK/West Africa shipping conference, had debts of $14m (£5.8m) as a result of "major problems" of management, liquidity, fleet replacement and discipline, according to Government officials.

But the problems of the line had now been given "top priority" by the Government, and Dr. Hilla Limman, the President, had taken charge of Black Star Line, Mr. Harry Sawyerr, Minister of Transport and Communications, told a Press conference in London.

Measures to bring the "ailing organisation back to health" included the sacking of the entire top management by the Ghana Government. This followed a Government White Paper earlier this summer on a report of the official committee of inquiry into the Black Star Line's problems. Mr. Sawyer said the "ineffectiveness of management over the years contributed in no small way to the line's liquidity problems."

Four "shipping experts" from West Germany had already taken over as managing director, traffic manager, financial controller and chief superintendent of the line. Mr. Jochem Bene, the new managing director has been given a free hand by the Government to re-organise the line.

Other measures include the purchase of four new multi-purpose cargo vessels so far this year, from Hyundai Heavy Industries of South Korea.

The new management was expected to improve the financial position of the shipping line. But in the meantime, the Government of Ghana had "taken steps to provide sufficient funds to enable the line to meet all its financial obligations to suppliers and creditors."

UK in move to simplify EEC rules

By Paul Cheeseright

THE GOVERNMENT has started talks with the EEC Commission on means of simplifying EEC Customs procedures affecting outward processing relief, Mr. Cecil Parkinson, the Minister of Trade, said in London yesterday on his return from a textile mission to Hong Kong.

If manufactured products from overseas contain UK materials they may attract a lower EEC tariff because of outward processing relief. Mr. Parkinson is pusuing the matter in order to provide better opportunities for UK textile manufacturers to export cloth to Hong Kong.

The aim, as he put it, is "to get a bigger share of the cloth content of goods which are coming anyway," but he emphasised that Hong Kong garments would still enter the UK under quota.

The principal of such relief is already embraced by EEC regulations, but the procedures are so complicated they are rarely used. If used, the outward processing relief could mean that Hong Kong garments would be 8-10 per cent cheaper for UK buyers, when British cloth is used.

Italy, Algeria set for economic deal

BY RUPERT CORNWELL IN ROME

ITALY AND ALGERIA are drawing up details of a major economic co-operation agreement, perhaps ready for signature by the start of 1981, which should lead to a substantial increase in trade between the two countries.

In addition to defining areas of co-operation, the scheme, discussed at length during the stay in Algiers last week of Sig. Enrio Manca, the Italian Trade Minister, is likely to lead to the creation of a jointly owned Italo-Algerian bank to further exchanges between the partners.

Sig. Manca's trip was followed yesterday by another visit of a member of the Italian Government, Sig. Antonio Bisaglia, the Industry Minister. In the meantime contracts worth some $1.6bn (£666m) have already either been finalised or are at a very advanced stage.

The latter include a $400m tyre plant which could be supplied by the Pirelli Group, and two contracts with Fiat for units to produce industrial vehicles and earth-moving equipment respectively, said to be worth $500m. These last two would be in addition to last week's $230m deal, whereby the Turin group is to supply cars, trucks and earth-moving equipment.

Other possible contracts also being examined are for Italian companies to supply several smaller electric power stations and build a dam at Meskontine Hamman in Algeria.

The deals are to be set against the background of the latest Algerian National Development plan worth some $106bn and covering the period 1980-1984.

The mooted co-operation agreement is likely to include provisions for the transfer of Italian technology to Algeria and the training of Algerian skilled personnel. It is largely underpinned by the pipeline project between the two countries which from 1982 will see 10bn cubic metres of Algerian gas carried to Italy, and then into the European network.

The talks of Sig. Bisaglia with various ministers are likely to explore means of securing a large subsequent increase in throughput. These might involve an increase in gas transported by the pipeline on which work is now being completed, or the laying of a second one alongside it.

This certainty of a sharp rise in Algerian energy exports to Italy could involve its imports being paid directly by shipment of gas. The various possibilities will be examined in detail during Sig. Bisaglia's discussions.

In the meantime a L18bn (£8.8m) contract has been signed between Anic, of the ENI hydrocarbon group, and the Brazil state oil concern Petrobras, for the supply by Anic of chemicals for the production in Brazil of biodegradable detergents.

Tanzania in Sonatrach agreement

DAR ES SALAAM—Tanzania and Algeria have signed an agreement under which Sonatrach, the Algerian state oil and gas company will undertake oil exploration here.

M. Belkacem Nabi, the Algerian energy and petrochemicals Minister, said drilling will begin soon, focusing on the offshore Songo Songo Islands, 170 miles south of Dar es Salaam, where large natural gas reserves and traces of oil have been found in earlier bores financed by the World Bank.

The Tanzanian National Assembly recently approved a Bill regulating oil exploration and potential production.

● Zambia and Malawi have appealed to the Canadian Government to finance construction of a 28-kilometre stretch of the Malawi-Zambia railway.

Although construction costs have not been mentioned early estimates put the cost at about $40m (£16.6m).

The Canadian Government helped finance construction of the rail link between Salima and Lilongwe in Malawi. —Agencies.

Suzuki to assemble cars in Pakistan

BY DAVID HOUSEGO

PAKISTAN, probably the largest Asian country without its own passenger vehicle assembly plant, is now planning to manufacture cars.

The state-owned Pakistan Automobile Corporation (PACO) has reached agreement with Suzuki of Japan to assemble 800 cc models together with pick-up trucks and vans of the same engine capacity in Karachi.

PACO has also invited European and Japanese car manufacturers to submit proposals for manufacturing 1300-1500 cc cars in Pakistan.

Suzuki will have a 10 per cent stake in the venture, which has still to receive final Government approval. Planned output is 25,000 units a year of which 10,000 will be cars. Planned production of the medium sized car is 7,500 units a year.

Pakistan, with a population of 78m, has considered several schemes in the past decade for establishing its own car industry. Imports of cars are at the moment restricted to Pakistanis remitting foreign exchange to the country under a so called "gift" scheme but amount to more than 15,000 a year.

Assembly will be initially of imported CKD units with Pakistan aiming to produce 70-80 per cent of the components in five years.

Previous proposals for car manufacture in Pakistan included a "People's Car" to have been built with co-operation from Renault under the Governments of the late Mr. Bhutto and a joint venture with Toyota.

The agreement with Suzuki provides for production, ultimately, of 15,000 vans and pick-up trucks.

India seeks wider EEC trade in Brussels talks

BY D. P. KUMAR IN NEW DELHI

MR. PRANAB MUKHERJEE, India's Commerce Minister, will will be in Brussels in the middle of this week to discuss wider promotion of Indo-EEC trade and economic collaboration. A five-year economic and commercial co-operation agreement with the EEC, now under negotiations in Brussels, will also figure at the discussions.

Mr. Mukherjee has also called a meeting of India's commercial representatives in Western Europe, also to be held in Brussels, and the purpose of this meeting is to develop a new strategy to boost India's exports to the EEC.

The issue of evolving a new strategy for India's exports to Western Europe has assumed urgency because of what is officially described as increasing tendency of protectionism in the developed countries.

Although Western Europe, particularly the EEC, has emerged as India's most important trading partner over the last decade, accounting for more than 30 per cent of India's exports, there has been a high concentration of markets and of products in its export pattern for these regions.

Nearly 90 per cent of India's total exports to the region go to the UK, West Germany, Belgium, The Netherlands, France and Italy, with the UK and West Germany accounting for 47 per cent of the exports.

Similarly, 65 per cent of India's exports to the region are accounted for by only eight products — textiles and garments, leather and leather manufactures, tea, diamonds, oil cakes, tobacco, carpets and coffee.

Portugal's steel plan moves beyond the drawing board

BY JIMMY BURNS IN LISBON

AFTER NEARLY four years of delay because of Government changes and bureaucratic red tape, Portugal's steel expansion plan has moved beyond the drawing board stage.

In recent weeks Siderugia Nacional, the State-owned steel company, has signed a contract with one leading foreign concern and initialled arrangements with three more for the supply of all the major equipment needed for the moderoisation of the country's major plant at Seixal near Lisbon.

Contrary to what was optimistically forecast by British Industry officials in Lisbon Davy Ashmore, the UK company has emerged empty-handed after months of negotiations. Instead the Portuguese have signed a £5.9m contract with Voest Alpine of Austria for the supply of converters. Siderugia has also signed letters of intent with Italimpianti of Italy for the supply of a blast furnace with an estimated value of £20.9m, with Kawasaki of Japan for the supply of gas cleaning facility, worth £1.9m, and with Schloemawn Slemag of West Germany for the supply of a continuous casting and rolling mill valued at £12.1m

Some 85 per cent of the equipment cost has been covered by export credit schemes. Siderugia expects to meet its remaining financial needs through special arrangements with the Government. The company has already been authorised to increase its capital and to claim exemption from taxes on the declaration of dividends on pre-tax profits.

According to Sr. Fernando Marques Videira, Siderugia's chairman, the estimated £400m investment involved in the first stage of the steel plan is "past the stage of no return" since final supply contracts will be signed within the next few weeks.

The optimism of Portuguese steel officials is in striking contrast to the atmosphere in neighbouring Spain, where relations between Madrid and Brussels risk being soured further as a result of attempts by the EEC to block a large new Spanish steel development.

Portugal, like Spain, is due to be accepted into the EEC in 1983, but Portuguese industry officials insist that they have the green light from Brussels for their expansion. They claim that the Seixal plant is compatible with the policy of the Brussels Steel Commission, headed by the Vicomte Etienne Davignon, which aims to phase out older, smaller, and less profitable plants and keep a strict discipline of production levels throughout the industry.

In scope and scale the Portuguese steel plan is diffent to Spain'a, posing only a minimum threat to the Community once Portugal joins the EEC. The project will concentrate on producing long-rolled products which, at present, account for some 55 per cent of total steel consumption in Portugal.

The more ambitious second stage of the plan, a projected Esc 60bn (£504m) investment in a new integrated plant to produce flat rolled products at Sines, the industrial complex to the south of Lisbon, has been shelved. Portuguese steel officials have responded to the problems of the EEC and to the fact of Portugal's own limited financial resources. The Portuguese accepted the Davignon argument that the production of flat-rolled products in Europe was already well above a realistic capacity.

Not so the Spanish, it seems. Spain is aiming to build a hot-rolled coil complex to meet the demands of its expanding motor industry, even though overproduction of the coils in Northern Europe is currently threatening to discredit the entire Davignon plan.

Portuguese officials defend the Seixal project by empasising that Portugal remains one of the few European countries which still has a potentially dynamic growth rate in steel consumption.

The average raw steel consumption per capita in Portugal is 130 kilograms, only a fifth of the European average. Spanish consumption is 390 kgs. Siderugia economists predict that Portuguese steel consumption will triple by 1990, due to growth in sectors of the economy such as construction, metalomechanics, and automobile components manufacturing. Siderugia currently accounts for 40 per cent of domestic needs so the aim is to raise the installed capacity at Seixal to 1m tonnes by 1990.

Siderugia officials admit that present growth forecasts might be slightly optimistic and accept that in the first years of the expansion there may be a surplus of about 400,000 tonnes per annum as production outstrips demand. Nevertheless they insist that all equipment contracts which have either been signed or are about to be finalised include clauses committing the supplier countries to either directly absorbing the surplus of long-rolled products produced at Seixal or to facilitating their exports through third countries.

One problem area concerns that of the raw materials needed for the plant. Portugal has low-grade ore deposits in the Mocorvo mines of the north which are shortly to be developed by the National Mining Company. But Portugal will continue to be a net importer of coal, and the consequent effects of this on the balance of trade, particularly in terms of transport cost, may temper some of the advantages of plant modernisation. Portugal currently imports 350,000 tonnes of coal for its steel industry, mainly from the U.S. and Poland, a figure that will increase to 700,000 per annum by 1985.

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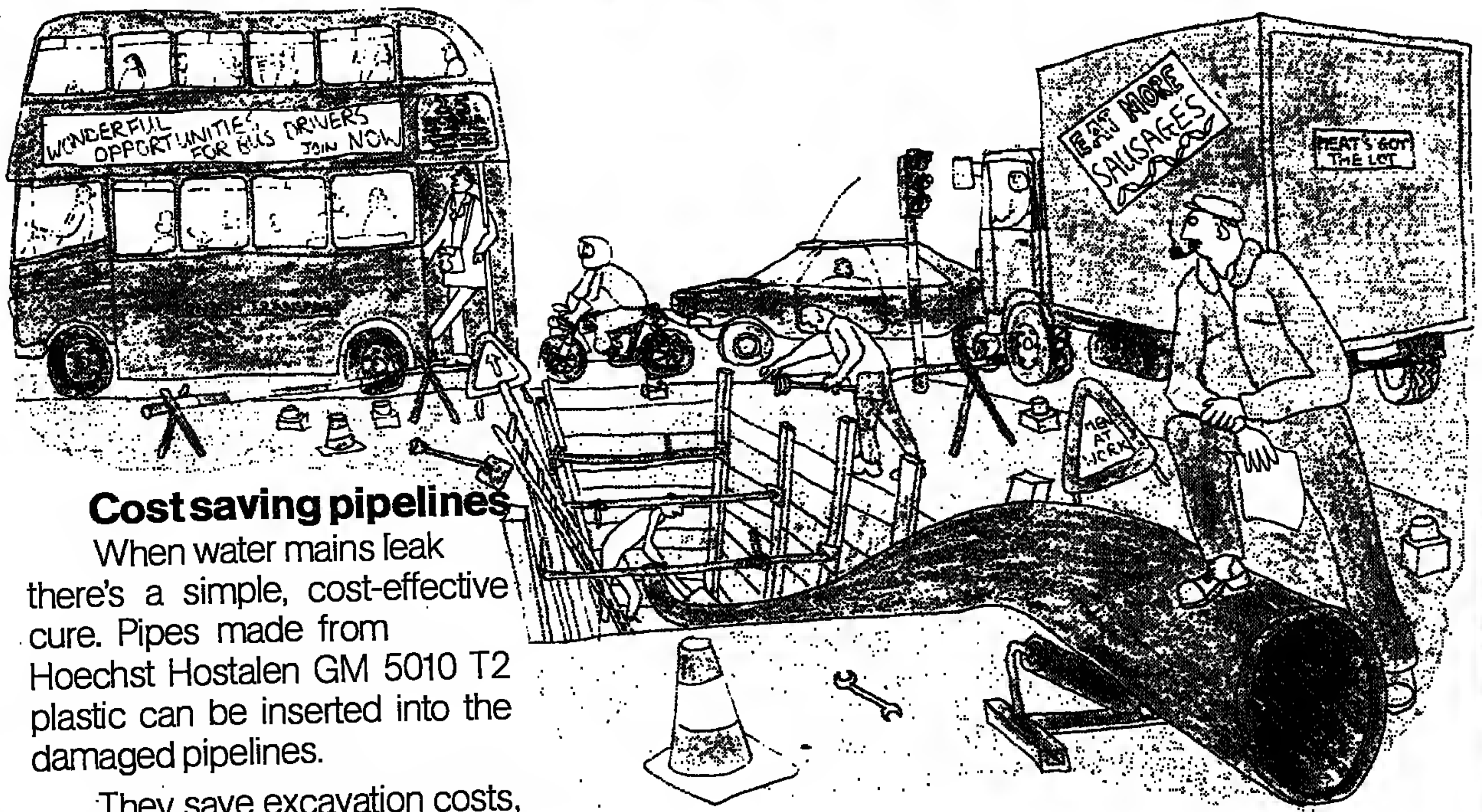

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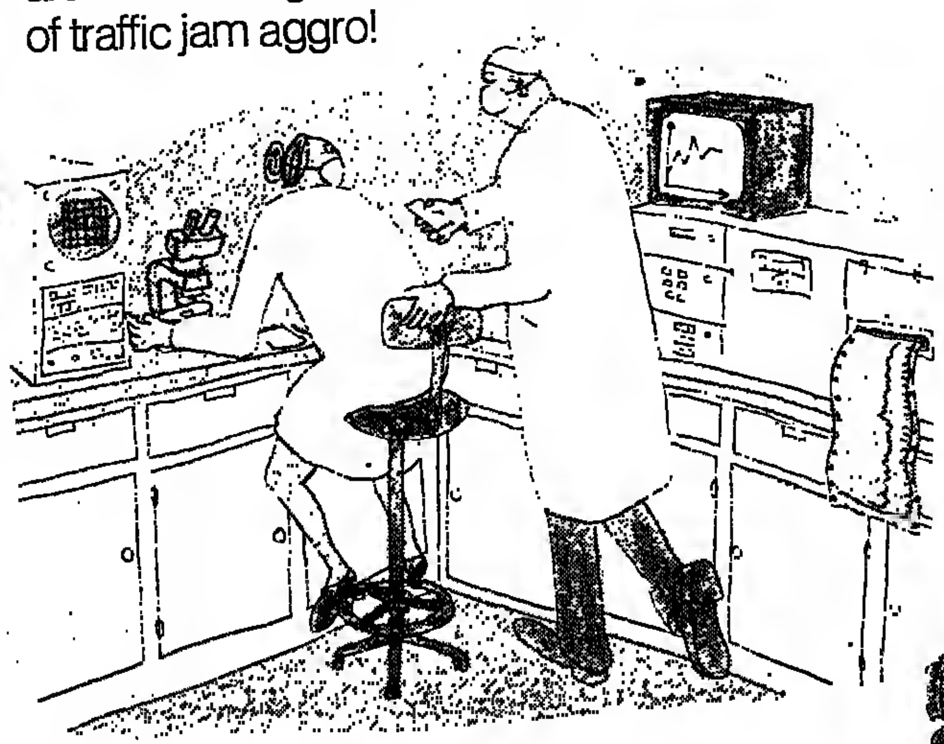

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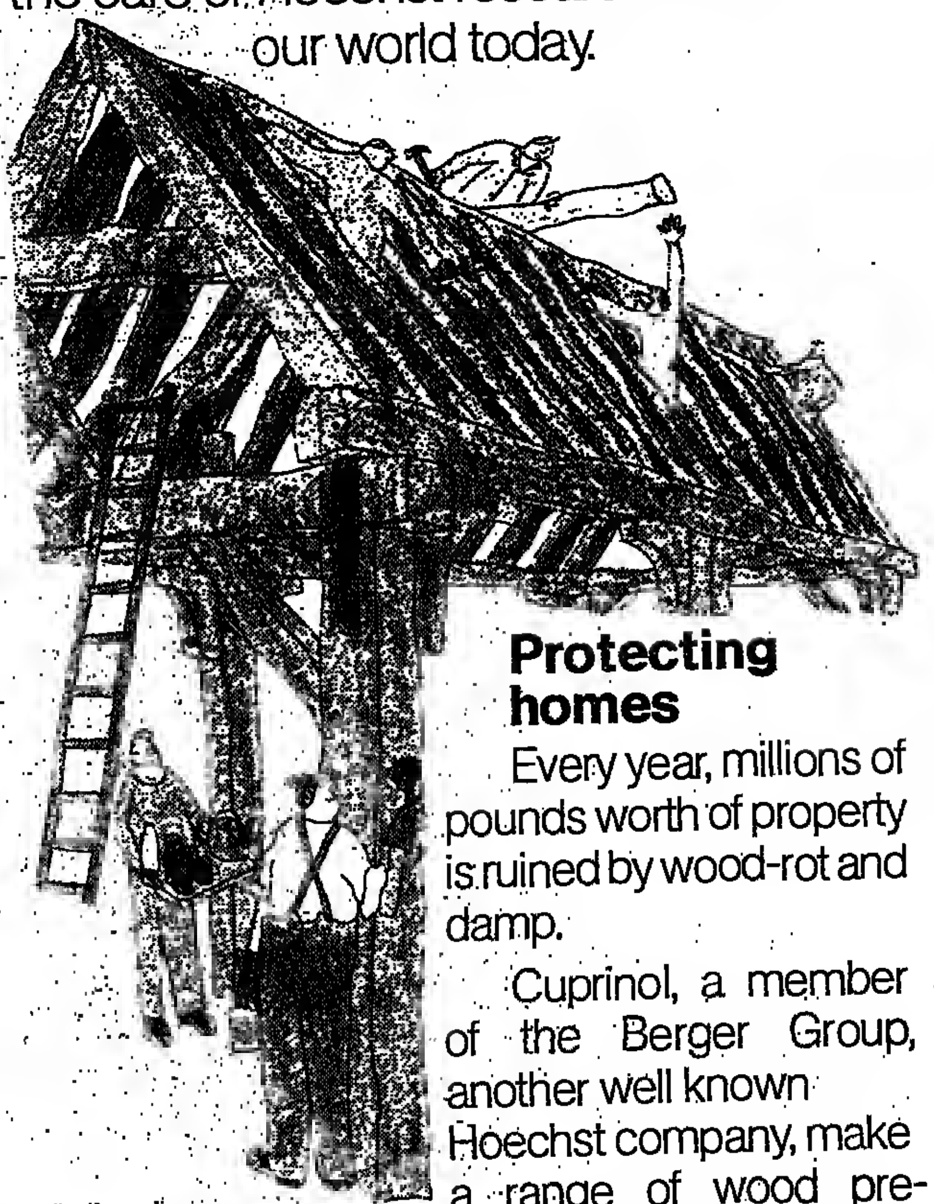

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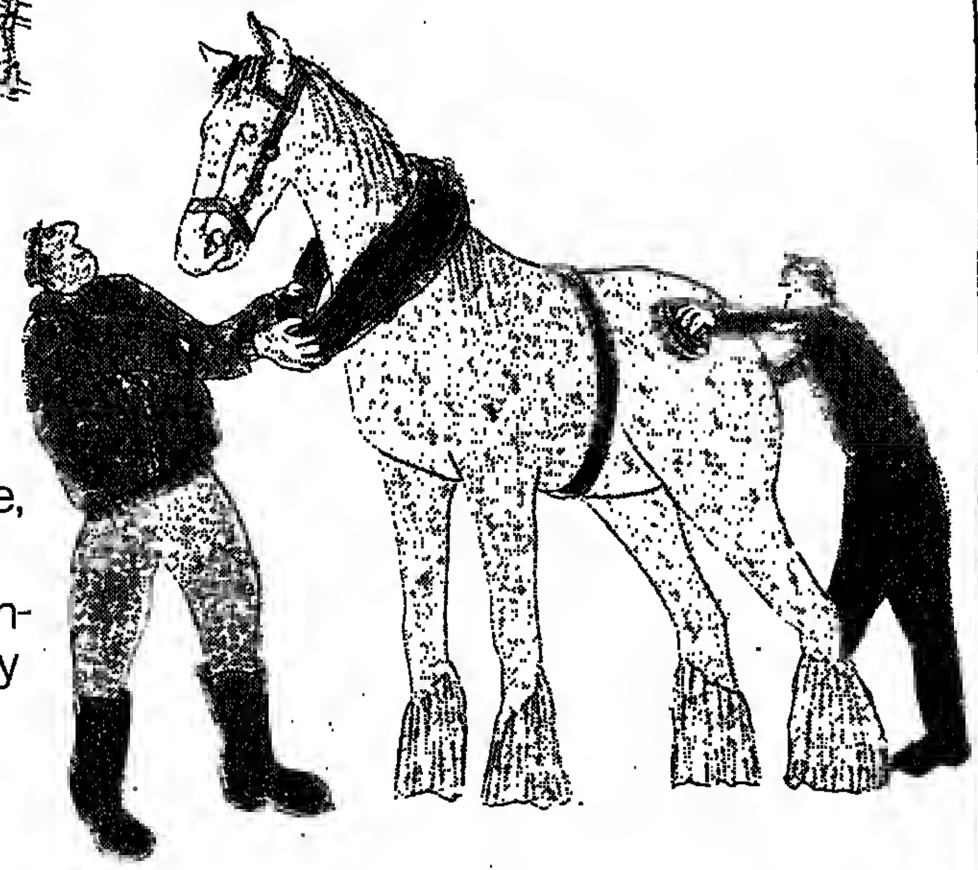

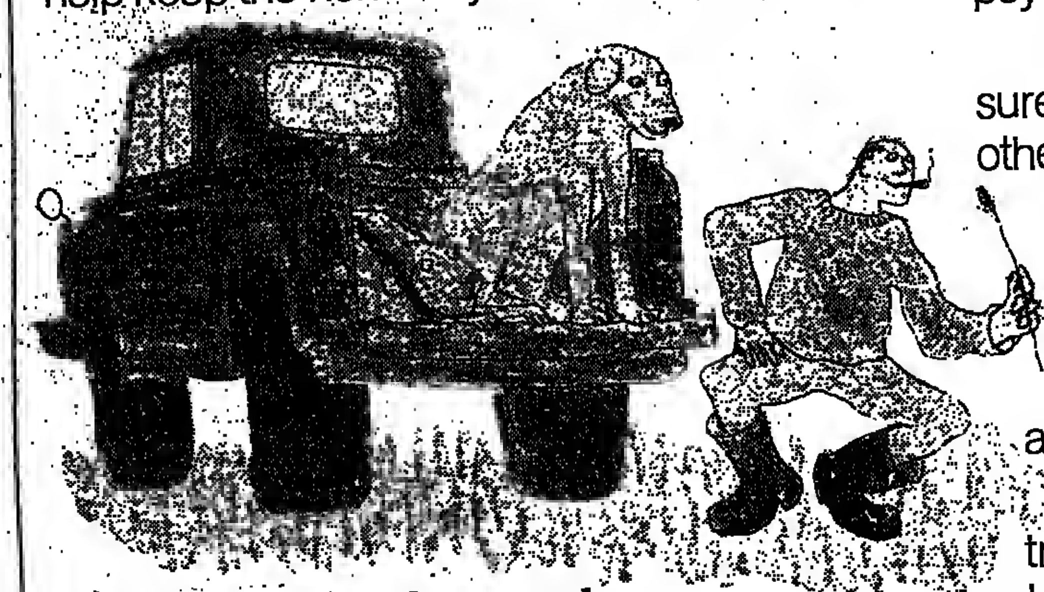

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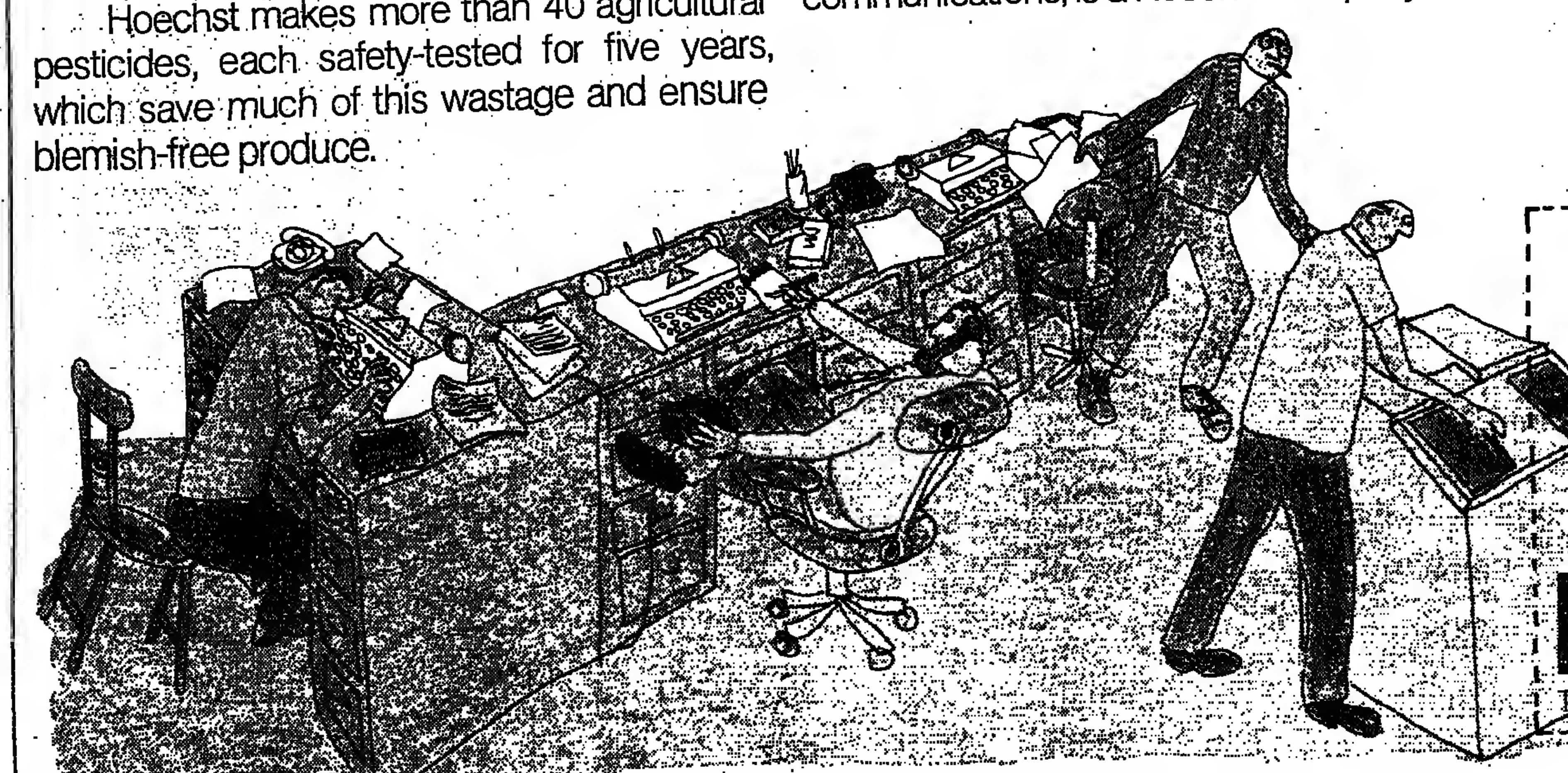

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'Civil Service pension costs under-estimated'

BY ERIC SHORT

THE GOVERNMENT Actuary, Mr. Edward Johnston, has seriously under-estimated the cost of providing the index-linked pensions paid to civil servants, claims the Centre for Policy Studies, the Conservative Party "think tank."

This attack was made by the centre in its evidence to the inquiry into the value of pensions which was set up by the Prime Minister to examine the index-linking of Civil Service pensions. The inquiry is chaired by Sir Bernard Scott, former chairman of Lucas Industries and a director of Lloyds Bank, Boots and Thomas Tilling. The evidence was prepared for the centre by a committee under the chairmanship of Mr. John Chown, an international tax consultant.

The Civil Service pension scheme is non-contributory and operates on a "pay-as-you-go" system. The cost of each year's pension payments is made from general taxation. The pensions are automatically linked with the Retail Price Index. The salary levels of civil servants are adjusted to allow for the cost of their pension and the Government Actuary's task is to calculate the overall deduction, comparing the Civil Service scheme with other public and private pension schemes.

In making such calculations, Mr. Johnston has to make several assumptions, including the rate of investment return and the future rate of price inflation. He has assumed that over the long term—defined as at least the next 30 years—the overall investment return of pension funds will be 3 percentage points above the rate of price inflation.

Mr. Chown's committee is bitterly critical of this assumption which it claims is totally unrealistic. It has investigated the investment returns of pension funds and showed that over the past 10 years no fund had been able to keep pace with inflation.

It concludes that the calculation should have been made on a more realistic assumption of a real rate of 1 per cent over the long term. On this basis the calculations made by the committee show that the deduction from civil servants' salaries should be 11.7 per cent instead of 3.8 per cent to pay for their index-linked pensions.

Mr. Chown, in presenting the study, questioned whether the Government Actuary was equipped to make these investment assumptions, since he was not involved in day-to-day dealings with investments.

Row over lost plutonium pins

BY DAVID FISHLOCK, SCIENCE EDITOR

THE United Kingdom Atomic Energy Authority admitted yesterday that it mislaid two fuel pins containing plutonium removed from one of its reactors at the Dounreay Nuclear Power Development Establishment, Caithness.

It said that their loss could be accounted for as stock-keeping errors.

The admission came after a BBC television Panorama investigation, screened last night, said that the pins had been lost.

UKAEA reacted strongly last night to the BBC's showing a preview to the Press yesterday. It said that the BBC had refused to show it to the Authority.

Mr. David Steel, the Liberal Leader, said the losses were "very very serious" and called for a Ministerial statement in the Commons.

UKAEA said that the total amount of plutonium was 35 grams, just over an ounce. The plutonium was in the form of a ceramic, welded into fine tubes of stainless steel.

Mr. Cliff Blumfield, director of the Dounreay establishment, said that he was satisfied that the missing pins had never left the site, but were almost certainly sent inadvertently to the chemical reprocessing plant at Dounreay, and dissolved with many hundreds of similar pins.

According to UKAEA both fuel pins came from the experimental reactor at Dounreay, which was closed in 1977. The one lost in 1976 was an experimental pin containing 25 grams of plutonium and 140 grams of highly enriched uranium.

The pin was in the reactor for only one day, and therefore acquired very little radioactivity. This made the search for its whereabouts much more difficult when the loss was discovered three months later.

Both the Department of Energy and Euratom, whose nuclear inspectors have kept check on Dounreay since 1973, were informed of the loss, and of UKAEA's conclusion that the pin was dispatched in error to the reprocessing plant.

300 jobs to go at Thomas Borthwick

BY MAURICE SAMUELSON

THOMAS BORTHWICK AND SONS, Britain's leading international meat trader is to cut its workforce by a third and to close three of its seven abbatoirs in an attempt to reduce its losses.

The company, which recently announced first half losses of nearly £1m, will also close four of its 24 depots and is considering the closure of four others. At least 300 of its workforce of 900 will be made redundant.

Dr. Bill Bullen, chairman, said yesterday that the slaughtering industry in the UK had been "sick for a number of years" and that the company had to get rid of all its loss-making sectors.

Eaton Axles is to close its plant at Darlaston, West Midlands, over the next six months with the loss of 443 jobs.

The company also said yesterday there would he a so-far unspecified number of redundancies at its other plant at Aycliffe, Co. Durham.

Eaton Axles is a subsidiary of the U.S. group Eaton Corporation, but the privately-owned British group Rubery Owen has a 25 per cent holding.

Eaton Axles incurred a £3m pre-tax loss last year and the deficit would be greater this year, the company said.

New Hucknall colliery, Huthwaite, Notts., is to close next August because recoverable reserves have been exhausted, the National Coal Board said yesterday.

The mine employs 626 men. The NCB aims to offer alternative jobs to those who want to stay in the industry.

Mr. Ray Chadburn, president of the Nottinghamshire area of the NUM, said the union reserved judgment on the proposals

Dorman Diesels, of Lincoln, is to close its forge on Waterside, South Lincoln, by the end of the year, meaning redundancy for 40 manual workers and 13 staff.

Mann Egerton, the Derby car dealer, is to close its branch at Littleover, Derby, with the loss of about 20 jobs.

OBITUARY

Sir Cyril Kleinwort

SIR CYRIL KLEINWORT, former chairman of Kleinwort Benson, the City merchant bank, and the related holding company Kleinwort Benson Lonsdale, died yesterday. He was 75.

Sir Cyril was chairman of the merchant bank between 1966 and 1971. He was chairman of KBL from 1968 to 1977, during which period the bank expanded rapidly to become recognised as the largest of the City accepting houses in balance sheet terms.

Sir Cyril was knighted in 1971 for his services to the City. He was the first chairman of the City's Committee on Invisible Exports, and held that post from 1968 to 1975.

Clergy in TV protest

FOURTEEN Welsh Congregational ministers took over the offices of the Independent Broadcasting Authority in Cardiff yesterday and refused to leave for several hours.

They were dmanding the resignation of the chairman and members of the IBA's Welsh Advisory Committee as part of the mounting campaign to get the Government to change its mind over setting up a Welsh language fourth television channel.

The Rev. Aled Gwyn, of Neath, said: "We are calling on the Government to keep its word.

John Elliott examines the background of the new CBI director general

Boardrooms will welcome move

THE surprise appointment of Sir Terence Beckett as the director general of the Confederation of British Industry will be welcomed throughout the boardrooms of the UK.

He is one of the most respected industrial leaders in the country and has established himself in recent years as one of the more thoughtful, and often provocative, of the industrialists who regularly deliver lectures and speak at major conferences.

At the age of 56, he will bring to the job a mixture of qualities and experience gained from 30 years working for Ford in the UK and Europe, and will add significantly to the CBI's international outlook.

His appointment is a surprise because few people thought that such a senior industrialist would be prepared to take the director general's job. This, in hierarchical terms, is subservient to the CBI's 20-man president's committee of which Sir Terence has been a leading member since he became chairman of Ford in 1976.

But neither he nor Sir Ray Pennock, the CBI's president, seemed concerned with such details yesterday when the appointment was announced, and Sir Ray went so far as to state: "This is one of the best things that could have happened this year to this country."

The two men refused to be drawn on how the CBI could afford Sir Terence, who last year was paid £84,000 by Ford plus various perks including a Granada Ghia.

This problem appears to have been solved with a package deal which includes Ford covering about half this amount through early payment of a pension (and provision of a Granada), while the remaining £45,000 to £50,000 is coming from the CBI.

Some of the CBI's smaller members may disapprove of such payments (a salary range of £35,000 to £45,000 for someone rather younger was originally mooted).

But Sir Ray had no doubt yesterday about the worth of the catch. "I know of no one in this country with such experience of governments, unions, the press and business affairs. I know of no one more fitted with experience, imagination, patience and flair."

Sir Terence joined Ford in 1950 as a graduate trainee with degrees in engineering and economics. A year later he became personal assistant to Sir Peter Hennessy, then deputy chairman and managing director, and by 1953 was styling manager at Ford's Briggs Motor Bodies subsidiary.

In 1955 his promotion continued when he was made manager of product staff, so becoming, at 32, the youngest divisional manager in the company's history.

Sir Terence Beckett, new CBI Director General

A little later he moved on to product planning and made his name by suggesting that the company needed a family saloon of 1300 cc's. The launch in 1962 of the highly successful Cortina was the result.

Sir Terence's pride in this period of his career is illustrated by his entry in Who's Who which says he was also responsible for the Transit van and the "D" series truck.

So although he started as an engineer and an economist, Sir Terence made his reputation as a marketing executive, and in 1969 was the first Englishman to become Ford's sales director for Europe.

In 1974 he became managing director and chief executive of Ford UK and was made chairman two years later.

Since then he has emerged as one of industry's main spokesmen, being a frequent and outspoken speaker at CBI and British Institute of Management conferences, and has impressed his audiences with a mixture of extensive knowledge of manufacturing industry, reasoned arguments, and powerful delivery.

In this way he developed the job of being the top Ford man in the UK, a post which has only limited executive authority because power is shared with Ford's European organisation.

But Sir Terence is credited with developing widespread contacts with the Government. He played an important part in attracting £300m Ford investment to the UK for the Erika project, now emerging in the form of the new Ford Escort, and has helped to build Ford's share of the home car market to 30 per cent.

Now he is to turn what one of his colleagues calls his "almost missionary concern for the future of British industry" to guiding the CBI through the recession.

He made it clear yesterday that he does not believe that governments should be constantly blamed for industry's problems—so it remains to be seen how he handles CBI complaints that the Government should do more to reduce interest and exchange rates, abolish the national insurance surcharge and cancel last year's four-month moratorium on regional development grants.

He differs from many CBI members in believing that there should not be any more new labour laws until the latest batch of legislation has settled in.

But if he runs into problems, his reputation at Ford should stand him in good stead. There, he has been known as someone who is always approachable, is interested in people, believes in communication; does not keep unnecessary secrets to himself, and does not seek self-praise.

If all that sounds too good to be true, it is also sometimes said that his effectiveness might be slipping because, in recent years, his deep concern about the problems of British industry has been turning to despair as he has watched British labour troubles and foreign competition from Japan eat into manufacturing profits.

Sir Alex Jarratt given new post in Midland Bank reshuffle

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

SIR ALEX JARRATT, chairman and chief executive of Reed International, has been appointed a non-executive deputy chairman of the Midland Bank, where has has previously been a non-executive director.

The appointment follows the nomination of Sir David Barron as Midland's chairman in succession to the late Lord Armstrong, who died suddenly in July.

It was indicated yesterday that Sir Alex's appointment did not imply that he would succeed to the chair at Midland.

Mr. Geoffrey Taylor and Mr. John Brooks, directors and assistant general managers at Midland, have been appointed deputy general managers. Again it was stressed that this did not necessarily mean that they would become joint chief executives.

Of the chief executives Mr. Malcolm Wilcox, chief general manager responsible for international and related services activities, is due to retire next June. He is thought likely to continue a relationship with the bank at a senior level.

Mr. Stuart Graham, his opposite number on the domestic banking side, is dut to retire in March, 1982, leading to a suggestion that he may well become the sole chief executive for a period after Mr. Wilcox's retirement.

Appointment of a successor as chief executive is expected in the next year. Mr. Brooks, Mr. Graham's deputy, and Mr. Taylor, deputy to Mr. Wilcox, are among main contenders for the post, say Midland sources.

● Mr. Thornton Bradshaw, president of Atlantic Richfield, the U.S. oil company, was elected chairman of the Observer at yesterday's board meeting, succeeding Lord Barnetson.

Mr. Bradshaw has been the company's main representative on the Observer board since January 1977. The company bought 90 per cent of the newspaper's shares for a nominal £1 in November 1976.

● Mr. Thomas Henry Kerr, 56, director of the National Gas Turbine Establishment, Pyestock, has been appointed director of the Royal Aircraft Establishment, Farnborough, the Government's premier research organisation. He succeeds Mr. R. P. Probert, who died recently.

Mr. Kerry's place as director at Pyestock will be taken by Mr. Hugh Wason Turner, 57, now a director-general in the Procurement Executive of the Defence Ministry.

● Mr. Robert Ramsay is leaving Sarabex, the Arab-owned money broker, less than a year after joining as joint managing director.

He has been appointed manager of the foreign exchange and money market operations of the London office of Banca Serfin, a Mexican bank opening a London branch for the first time on October 14.

The Bank of England confirmed yesterday that Sarabex retained the status of recognised money broker accorded it in August last year.

Decision awaited in Cadbury battle

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A last-minute attempt may be made today to delay tomorrow's meeting of Westward Television shareholders.

If the warring factions on Westward's Board have not agreed on a postponement, an Appeal Court judge may be asked to grant a temporary injunction ordering the meeting not to be held pending an appeal against last Friady's High Court ruling that it could go ahead.

The delay is sought by Westward's chairman, Lord Harris of Greenwich, and other directors fighting Mr. Peter Cadbury's bid to regain control of the company.

Failing agreement, the Harris faction would need a temporary order because it would not be possible to get an appeal before the court and determined before the meeting, due to start at 1.30 tomorrow at The Carlton Tower Hotel in London.

Last night no final decision had been made about going to court, although arrangements had been made for Lord Justice Brightman to sit this morning to hear any application.

The meeting has been called by Mr. Cadbury, who was ousted as Westward's chairman in July. Its purpose is to remove six of the directors—including Lord Harris—and reinstate Mr. Cadbury and Lord Lisburne, former deputy chairman.

The meeting's outcome is regarded as a foregone conclusion as Mr. Cadbury and his allies control 116,000 of the company's 200,000 voting shares.

Lord Harris and his colleagues claim that tomorrow's meeting is invalid.

Mr. Cadbury says the Board is acting in bad faith and is delaying the meeting to retain control of the company for as long as possible.

The Harris faction replies that the meeting must await a report from Price Waterhouse and Company on alleged irregularities in Westward's finances,

Right-wing Labour rebels given a month to conform

BY PHILIP RAWSTORNE

RIGHT-WING Labour rebels were last night given a month to withdraw their threat to stand against Labour Left-wingers at the next general election or face expulsion from the party.

The decision was taken by Labours organisation committee under Mr. Eric Heffer, the chairman, by nine votes to four. The resolution, tabled by Mr. Frank Allaun, is expected to be endorsed by the national executive committee later this month.

Proposals for the immediate proscription of the Social Democratic Alliance (SDA), with which the 16 rebels are associated, were shelved.

Dr. Stephen Haseler, SDA chairman, said last night that the alliance would not be intimidated by the organisation committee's move.

"If the party goes unilateralist at next month's conference, and if the constitutional changes which the Left wing is seeking go through, then I am certain that our people will go ahead with their opposition to prominent Left-wingers at the election," he said.

Burlington House antiques fair opens

BY ANTONY THORNCROFT

THE Burlington House Fair, the most important sale of antiques in the UK, will be opened at the Royal Academy this morning by Mrs. Thatcher. The public will be admitted from 5 pm and then daily until September 17, entrance fee £2.

The fair was arranged at short notice to take the place of the Grosvenor House antiques fair which was moved from the hotel following an industrial dispute. Even so, 51 leading British dealers have taken space and another, larger, display is already planned for the Royal Academy for the spring of 1982. This interim event combines the range of antiques—furniture, porcelain, etc., as well as paintings, of the Grosvenor House tradition—with the top quality paintings which were a feature of the previous two Burlington House Fairs held at the Royal Academy.

Although there are no really outstanding works of art for sale, the general standard is high and breaks out of the pre-1830 corset which has limited similar major antique fairs in London. The goods range in price from around £50 for items of glass to more than £100,000 for a painting by the 17th century Dutch artist van Ruysdael, and in total are valued at £40m. A feature of the display is the careful planning of the exhibits — Blairmans, which specialises in 18th century furniture and works of art, has linked its stand with Browse and Darby, which is showing some very appropriate 20th century paintings, to good effect.

Many of the top London dealers — Agnew, Artemis, Bluett, Brod, Colnaghi, Garrard, Leger, S. J. Phillips, Spink — have taken space, and in a fairly limited area (because the Royal Academy is unveiling a major Stanley Spencer exhibition in mid-September). The show may help to lift the antiques trade out of its current depression.

Tory calls for flexible economic policy

BY PHILIP RAWSTORNE

GREATER FLEXIBILITY in implementing the Government's economic policies was urged yesterday by Mr. Robert McCrindle, Tory MP for Brentwood and Ongar.

In a speech at Southgate, London, Mr. McCrindle said that, although there was no support among Tory MPs for a U-turn, there was a growing demand for moderating the timing and intensity of Government policy.

Some MPs questioned whether it was necessary to be "quite so rigid" in implementing it, he said

Mr. McCrindle suggested that the Government's modest success in curbing inflation should be followed early next year by a fall in interest rates. "In these circumstances, it would be wrong to stand so firmly behind a non-intervention policy that manufacturing industry is rendered incapable of cashing in on the upturn of the economy which most commentators expect in 1982," he added.

Mr. McCrindle considered that greater flexibility was needed, possibly including a reduction in the employers' National Insurance contributions, to help industry combat unemployment. "What we need is not a U-turn but, rather, a greater use of the steering wheel," he declared.

Sasse talks this week

BY JOHN MOORE

SETTLEMENT talks are to take place this week between a Brazilian reinsurance group and the troubled Lloyd's underwriting syndicate, once headed by Mr. Frederick Sasse, over disputed reinsurance claims.

The Sasse syndicate, which has total losses of £21.5m, has been seeking by litigation to recover $13m from the Instituto de Resseguros do Brasil, the Brazilian Reinsurance Institute, in reinsurance claims.

So far Additional Underwriting Agencies (No. 2), the Lloyd's company which is looking after the affairs of the syndicate, has rejected an offer of $6.35m from the Brazilians. But it is believed that a fresh offer of $7m may be made this week.

The Sasse syndicate has been sueing the Brazilian group since 1978 to recover claims on U.S. fire reinsurances on business produced for it by a U.S. company called Den-har Underwriters.

Backing the small man rated as top issue

By Our Economics Correspondent

THE encouragement of small business is the most important element of Government policy according to a survey conducted among leading MPs, businessmen, trade union leaders, editors and journalists.

A total of 340 people were questioned in June about their attitudes towards issues affecting Government policy and the economy. The market research study was commissioned by the McCann Brickson advertising group.

The sample narrowly rated the encouragement of small business as the major issue for Government, followed, in order, by trade union reform, control of the money supply, cuts in public spending, less Government intervention in business, and cuts in personal direct tax and company tax.

There were differences between the groups in their attitudes on particular issues. For exampla, while trade union refnrm was rated second nverall it was placed fifth by trade union leaders and fourth by MPs. The sample of MPs was evenly balanced between the two major parties.

Somewhat surprisingly, businessmen rated cuts in company tax lowest on their preferences, though this may reflect the small amount of corporatian tax being paid by many groups. Cuts in personal direct tax were also low on almost all lists.

The biggest contrast was in attitudes towards public spending—an issue rated highest by businessmen and lowest by trade union leaders.

The survey also revealed general agreement that inflation is the most important problem facing Britain during the next five years, fnllowed by industrial investment, unemployment and poor management practices.

Brokers at Lloyd's want Fisher proposals changed

BY JOHN MOORE

LLOYD'S of London insurance brokers are seeking major changes to proposals prepared by Sir Henry Fisher for improved self-regulation within Lloyd's.

The Lloyd's Insurance Brokers' Committee, representing 265 broking firms, in a letter to Mr. Peter Green, Lloyd's chairman, has recommended an important amendment to the draft Bill implementing main proposals of the Fisher recommendations, and has listed 15 other reservations to the Fisher report.

The Bill, as drafted by the Fisber working party, provides for creation of a 25-strong Council of Lloyd's with wider statutory and regulatory powers than the present 16-man ruling Lloyd's committee.

The rule-making powers of tha 18,552 private mambers of Lloyd's would pass to the new council.

Sir Henry Fisher and his working party said in the draft legislation they prepared that "it was no longer practical or expedicnt for ultimate control" of Lloyd's to rest with the members of Lloyd's at a general meeting.

The brokers seek to amend the Bill so that the private membership retains "longstop" powers over the council. Any new Act for Lloyd'a should include provisions for members to be notified of possible changes in by-laws, they say.

Within two months of that notification, members of Lloyd's not working in the market, of whom there are over 15,000, and the working members, should have power to petition a meeting to ratify the council's by-law changes.

Mr. Douglas Lyon, chairman of Lloyd's Insurance Brokers' Committee, part of the British Insurance Brokers' Association, has said in the committee's letter to Mr. Green that "we regret tbat some of Fisher's comments on Lloyd's brokers give the impression that smaller firms are less securc."

The committee intends to sec that future conditions and requirements for Lloyd's brokers apply "equally and fairly to all."

The brokers have said that there is "serious cause for concern" about the proposal by Sir Henry that they divest themselves of tbeir links with underwriting syndicates at Lloyd's. They migbt support a minority view in the Fisher report.

This suggested measures to reduce likelihood of interference of brokers in underwriting syndicate management companies without divesting themselves of their commercial links.

The larger brokers have been wbolly against divestment from underwriting interests because they derive an important part of their revenues from that source.

The brokers have also questioned the necessity for a Lloyd's brokers "guarantee fund."

Inmos near factory site decision

BY ROBIN REEVES, WELSH CORRESPONDENT

A SITE in Cardiff nr Newport, Gwent, looks virtually certain to be the location for Inmos's £25m UK manufacturing facility. A final decision is expected in a fortnight.

The Government agreed in Jnly to give a further £25m to Inmos through the National Enterprise Board, on condition it established its factory unit in South Wales for the mass production of advanced electronic components. The company bas examined a number of possible locations in the region.

Tbe investigations have included one site even further west of Inmos's Bristol beadquarters, near Port Talbot, wbere nearly 6,000 jobs are being shed at the British Steel Corporation's plant. But this bas been rejected.

Inmos is understood to bave narrowed the cboice to the Welsb Developnient Agency's Forest Farm estate on the M4 motorway in north Cardiff or a 30-acre site owned by Newport Council at Duffryn, beside Tredegar country park and the Government's business statistics office.

Cardiff is cautiously optimistic it will come out on top. While Newport is 10-15 minutes nearer to Bristol on the M4, the site requires some preparation before building could begin. It also does not bave the prestige and amenities of the Welsh capital.

At Cardiff, Inmos would be reqiured to share tbe site with the recently established offshoot of the Radiochemical Centre, but building could begin immediately. The WDA has already spent more than £1m preparing the land for development and laying on services, wblch could reduce the period required for building by up to four months compared with Newport.

Inmos intends its Welsh production facility to be in business by mid 1982.

New BBC arts series escapes cash cuts

By Alan Forrest

AFTER a summer of difficulties, tbe BBC yesterday announced an autumn schedule of televislon arts programmes costing between £3m and £4m.

Altbougb there will be fewer music programmes—mainly becanse of the two-month muslcians' strikc which wrecked the Promenade Concerts—officials were relieved that threatened economic cuts had not seriously hit thelr autumn schednle, though the fnture is still nncertain.

The new package is the answer by Mr. Humphrey Burton, arts department bead, to accusations of falling standards and "growing philistinism" at the BBC.

He said yesterday: "We took a lot of stick in the summer and this made me mad. In fact, there has been no retreat in our commitment to tbe arts. We are not complacent, but we are proud of our achievements."

The package incindes BBC 1's The Best of British, ten half-bonr films featuring a different arts or entertainment personality. Stars inclnde songwriter Elton Jobn, theatre director Peter Gill and jazz pianist George Sbearing. Rudolf Nureyev will introdnce Invitation to the Dance and there will be a major film series, The Greeks.

BBC 2 plans inclnde Tbe Sbock of the New, eigbt one-bour programmes on modern art, a regular Sunday night music programme and a monthly opera on Saturday nigbts, inclnding live relays of La Traviata from New York's Metropolitan Opera House and John Schlesinger's new production of Tbe Tales of Hoffmann from Covent Garden.

Many Liberals opposed to talks on alliance

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE POSSIBILITY of a pact between the Liberals and dissident social democrats from the Labour Party met with strong bostility from Liberal MPs and delegates gathering in Blackpool last nigbt for their annual conference.

Mr. David Steel, the Liberal laader, wants to keep his options open in the event of a new centre party being formed next year by Mr. Roy Jenkins, the former Labour Chancellor of the Exchequer. But he will find it extremely difficult to maintain this policy in the face of the widespread opposition apparent in his party.

Speakers in the main Liberal policy debate on Friday will be looking for two assurances from Mr. Steel:

1—that be is not preparing the groundo for some kind of Liberal merger with any new social democrat grouping that migbt emerge, and

2—that he is not nrenared to enter into a full scale elecloral agreemeot whereby Liberal candidates would stand down in constituencies where the social democrats fielded candidates.

When Mr. Steel makes bis major conference speech after the debate, delegates will expect him to explain wbere he stands on the issue.

Tbere was a feeling among many Liberals at Blackpool that Mr. Steel's flirtation with Labour right-wingers bad damaged the party's chances at a time wben it sbould be gaining support as a result of public disencbantment with the Government's economic policies.

Mr. Richard Wainwright, MP for Colne Valley and the party's economics spokesman, said that the idea of a new centre party was never on. But he would be prepared to sea tha Liberals entering into a loose parliamentary coalition in the Commons with any social democrats wbo were elected under their own steam. In the Nortb where Labour was the main opponent of the Liberals in many constituencies, an electoral arrangement witb social democrats would not he tolerated.

Mr. David Penhaligon, MP for Truro, said be was "fed up" with Mr. Steel banding out invitations to social democrats who had no intention of joining the Liberals. He thought that Mr. Steel should make it celar tbat an independent Liberal Party would be figbting the next election, wbatever happened about the formation of a fourth party of the Centre. Like many Liberals, be maintained that a new grouping under Mr. Jenkins was in any case a "farcical non-runner."

He felt that the Liberals would be reaping the henefit of Conservative unpopularity within the next 18 montbs and should concentrate on preparing to win any by-elections that migbt arise. Social democrats who left the Labour Party would tben be welcome to join the Liberal Party.

Lord Beaumont of Whitley, a former president of the Liberal Party, said it would be "absolutely disastrous" for the Liberals to be seen playing "footsy-footsy" with Mr. Jenkins.

"He presents exactly the wrong kind of image for us," said Lord Beaumont.

Motion on jobless strengthened

A SCHEME to reduce unemployment by raising £2bn by index linked national savings, for spending on capital projects such as roads and schools, will be put before the Liberal assembly in Blackpool tomorrow, writes John Hunt.

The motion was drawn up yesterday by the Party steering commiltee after complaints that the existing motion on unemployment was too weak.

The new resolution condemns the Government for its "insensitive and negative" attitude to the 2m unemployed. It says the Government is indifferent to the demolition of the industrial base by a rising tide of bankruptcies.

Mr. Ricbard Wainwrigbt, the Liberal economics spokesman, said last night tbat the resolution should encourage the more progressive elements among Conservative MPs and in the Cabinet who want Mrs. Thatcher to adopt a more flexible and imaginative approach to unemploymenl.

"It will encourage the 'wets' to tell Mrs. Thatcher that enougb ls enough," be said.

Tbe motion alsn calls for an additional £750m in public expenditure for industrial retraining and the expansion of advisory services for small- and medium-sized business. It wants a sharp cut in interest rates to reduce the uncompetitive value of the pound and a special differential interest rate for investment in industry and infrastructure.

Tbe motion seeks to abolish the employers' nalional insurance charge for all employees under 21, and defer payment of PAYE for employers "for whom payment would be the final cause of insolvency."

Hazel Duffy looks at BSC's Redcar blastfurnance

Market fears will remain when furnace troubles are solved

THE BRITISH STEEL Corporation's blastfnrnace at Redcar, Yorks, wbich has been closed because of technical problems, was designed and conceived in the days wben steel was in short supply.

The emphasis then was on investment in bigger and better integrated steelworks. By the time tbe blastfurnace was commlssioned in October 1979, the whole market for steel, and for British steel in particular, had cbanged dramatically.

The economics of Redcar, however, remain the same. In order to achieve the economies of scale, the furnace needs to make more than 50,000 tonnes of iron a week. That means orders for tha plant's steel products have to be sufficient to justify an iron make of that amount.

BSC has tried to load Teesside with orders, but this bas not been easy during the summer mnnths wben demand has been depressed and post-strike imports have continued to pour in.

BSC's Teesside division admits that the level of demand for steel bas affected the amount of iron that it has been able to make since the steel strike ended at the beginning of April.

Tbe immediate problem at the Redcar furnace, bowever, is technical. As part of routine, the furnace is taken ooff blast for one day every three weeks in order to carry nut maintenance checks. But, on two occasions since April, the perlod "off blast" has been longer than this to carry out unscbeduled repairs.

The result was that the furnace's temperature fell below the necessary level and tbe tuyeres at the base of the cylinder, througb whicb preheated air is blown, became blocked. Tbe burden materials (sinter, coke, etc.), in the furnace were unbalanced, and it was found necessary to burn more coke.

For the past 10 days, therefore, tbe Redcar furnace bas not been producing enough iron to keep steelmaking going at a sufficiently higb level. At the weekend, the decision was taken to lay off the steelmaking workforce at nearby Lackenby until the problems have been solved.

Some iron was made yesterday, and BSC hopes it can return to normal working by the end of the week.

The Redcar problems will reinforce the arguments of critics wbo believe that steelmaking is better suited to smaller, more flexible plants than the huge integrated plants which formed the basis of BSC's investment plans during the 1970s. At Redcar, where the furnace has a 10,000 tonnes a day capacity and is the largest in Europe, the philosophy was pursued to the extreme.

Howevar, taking Redcar off blast has not caused any embarrassment over steel supplies. For the past few months, stocks of steel sections, coil, billets, and other products bave been built up on Teesside. Whether this was because orders have fallen sbort, or because it was necessary to load the blastfurnace in order to justify it in economic terms, is not at this stage clear.

BSC argues that tbe process of bringing sucb large, sophisticated equipment on stream is almost certain to be accompanied by some problems. In its last full week of iron making, the furnace prnduced 48,000 tonnes, a good figure. The target is for 52,000 tonnes a week.

Given the competitive manning levels agreed at Redcar before the furnace was commissioned—in contrast to the problem wbich dogged the commissioning of the smaller furnace at Llanwern three years ago—and BSC's insistence that it use cheap, higb quality, imported coking coal in addition to Britisb coal, the economics of the £400m Redcar iron complex lookad good at the outset.

But, even last October, the sourness of the steel market was taking some of the edge off the celebratory opening of the furnace. Today, even wben the technical problems are sorted out, the market problems remain to dog Redcar, and the rest of Britisb Steel.

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SAUDI ARABIA

The Department of English and Centre for European Languages and Translation at Riyadh University have the following opening for the Academic Year 1980-81 beginning 23 September, 1980.

A English Language Instructors with ESP/TEFL qualification and experience.
B Three full time openings for Generalists (women) in English Literature with focus on 1. Poetry, 2. Novel, 3. Drama.
C Two full time openings in English Linguistics.

QUALIFICATIONS

Instructors: MA or BA with teaching experience.
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Salary range: SR 3800/ to SR 9000/per month

Benefits include yearly round trip tickets and furnished housing. Two months paid vacations per year. One year contract renewable.

Please submit resume along with copies of certificates, transcripts and references quoting ref. R/SE/45.

Attn. M. D. Whiteley
Saudi Arabian Educational Office
29 Belgrave Square
London SW1X 8QB
Tel. 01-245 9944, Ext. 56

FINANCIAL ANALYST

An international oil trading company in Knightsbridge invite applications for this position. Applicants should have good commercial experience, a good knowledge of bookkeeping and an understanding of international trade. An analytical mind and pleasant manner also important. Knowledge of German and/or French an advantage. Top salary, lvs and bonus scheme.

Please send CV and, if possible, daytime telephone number to: Box A7287, Financial Times, 10 Cannon Street, EC4P 4BY

COMPANY NOTICES

HENRY DENNY & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Preference Shares of this Company will be closed from 13th September 1980 to 29th September 1980, both dates inclusive.

T. L. BALDWIN,
Secretary.

Battlebridge House,
Tooley Street,
London SE1 2RJ.

CHARTER CONSOLIDATED

LOAN OF FF 100,000,000
7.50% 1972-1987

The FF 5,000,000 redemption instalment due October 1, 1980 has been met by purchases in the Stock Exchange.

Outstanding amount after October 1, 1980: FF 81,000,000.

The Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

CITY OF VALPARAISO

5½% Waterboard Loan 1912

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st October, 1980, in respect of the above Loan, the under-mentioned Bonds amounting to £1,100 were this day drawn by lot by Richard Graham Rosser (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 1st October, 1980 from which date all interest thereon will cease:

BONDS FOR £100 EACH

655	673	831	1198	1863
2224	2312	2337	2354	2484
2422				

RECAPITULATION

11 Bonds for £100 each £1,100

The above-mentioned Bonds with Coupon No. 138 and subsequent coupons attached may be lodged for repayment on or after 1st October, 1980, at the Offices of J. Henry Schroder Wagg & Co. Limited, Coupon Department, 120, Cheapside, London, E.C.2, between the hours of ten and two o'clock.

London.
28th August, 1980.

FINA ANGOLA, S.A.R.L.
Head Office in Luanda
Capital Kz. 200,000,000.00

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

In accordance with art. 180 of the Commercial Code and Art. 28 of the By-Laws of the company, the Board of Directors invites the shareholders of Fina Angola, S.A.R.L. to attend an Extraordinary General Meeting which will take place on the 9th of October 1980 at 11 a.m., at the Head Office of the Company in Luanda, Av. dos Restauradores de Angola nr 45—1°, with the following agenda:

—To give to Petrofina S.A., majority shareholder, power to negotiate with Empresa Nacional de Petroleos U.E.E.—SONANGOL, the transfer of the company and to determine the value of the company.

In accordance with art. 28 of the By-Laws, the shareholders having right to vote and to be represented, who wish to attend the general meeting, must present at least three days before the date of the meeting a documentary proof that their shares are deposited in their name at Banco Nacional de Angola.

The shareholders who would like to travel to Luanda, Popular Republic of Angola, must inform the company in writing at its Head Office in Luanda, at least 20 days in advance in order that a visa for entry in the country may be asked for them.

The shareholders who are prevented to attend the meeting on October 9, 1980, may, in accordance with art. 29 of the By-Laws, but at least three days before the aforesaid date, give a proxy to another shareholder to represent them at the meeting.

The Board of Directors.
ANTONIO LUIS ROQUETTE RICCIARDI,
A Director.
JOSE ROQUETTE,
A Director.

NICHII CO. LTD.
Notice to EDR Holders

NOTICE IS HEREBY GIVEN that the Company intend to pay during November, 1980, subject to the Directors' approval, an interim cash distribution to Shareholders as of record date August 31, 1980. With effect from August 27, 1980 the shares will be traded ex-dividend in Tokyo.

Subject to Directors' approval of the dividend, Coupon No. 10 will be used for the purpose of claiming such dividend and is deemed to have matured on August 27, 1980. With effect from that date, Coupon No. 10 should be detached from any EDR presented for surrender and will not be issued with any new EDR.

In accordance with usual practice, the shareholders' register was closed on September 1, 1980 and is not expected to reopen until the end of that month. Accordingly during this period it will not be possible to register the transfer of shares withdrawn against the surrender of EDRs. Subject to Directors' approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend, together with the procedure to be followed for obtaining payment thereof, as soon as practicable after receipt of the dividend by the Depositary. Only upon such notice will any payment be made against presentation of Coupon No. 10.

THE CHASE MANHATTAN BANK, N.A.
London,
as Depositary.
September, 1980.

"NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS"

THURSDAY 25th SEPTEMBER 1980

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, 25th September, 1980, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments."

Advertising rates will be £19.50 per single column centimetre. Special positions are available by arrangement at premium rate of £22.00 per s.c.c. Copy date is Friday, 19th September. For further details, including reprints of previous features, please telephone 01-248 4601 or 4864 (direct lines).

Newly Qualified Accountants, especially Chartered, are never easy to recruit—don't miss this opportunity!

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

UK NEWS—LABOUR

Vauxhall workers divided over 8% pay offer

BY PAULINE CLARK, LABOUR STAFF

THE UNCERTAIN mood of Vauxhall's motor workers was demonstrated yesterday by the results of a secret ballot at the Dunstable truck and van plant giving narrow acceptance of the company's 8 per cent pay offer.

Of the 4,500 workers, 56.5 per cent among members of the Transport and General Workers Union, and 51.24 per cent of the Amalgamated Union of Engineering Workers were in favour.

National union negotiators hope for a more decisive result from the secret ballot conducted this week among 10,600 Vauxhall car workers at Luton, the biggest of the company's three main plants.

But so far, there has been little sign of any firm direction taken by the rank and file in the face of the recession and widespread short-time work in the industry.

A meeting of workers at Ellesmere Port voted overwhelmingly to reject the offer last week, but then the meeting was poorly attended.

Separate meetings of transport and engineering workers at Luton were also called last week to vote on the offer. Instead, both groups decided on a ballot. The engineering workers called off the meeting, and only 400 of the 5,000 transport union workers turned up for their meeting on Friday.

Convenors at Luton have described morale as very low after the introduction of a two-day week. All the signs are that, even if the ballot turns down the offer, negotiators may not feel that they necessarily have a mandate to start a long pay fight.

Although Vauxhall's pay strike last year ran over 10 weeks involving workers at Ellesmere Port, the Luton workforce accepted a 17 per cent deal after four weeks. The action was generally regarded to have achieved little in the face of management's determination to stand firm.

This year, the management has again made clear that its offer is final and cannot be improved without serious risk to jobs. Rumours are already circulating that union leaders are talking about a compromise six-month deal.

Talbot UK is expecting union negotiators this week to register formal acceptance of an 18-month deal, giving 12 per cent to skilled workers and 8 per cent to the unskilled with another 7 per cent from next April.

Electricity managers may not co-operate

BY PAULINE CLARK, LABOUR STAFF

SENIOR MANAGERS in the electricity supply industry may be advised later this month to begin their first ever campaign of industrial action because of a row over pay.

Union representatives of the 17,000 strong group are considering a plan for a programme of non-co-operation if employers refuse to move from their long standing pay offer of between 9.1 per cent for the highest paid to 16.2 per cent for those at the bottom of the salary scale.

The managers, whose main union is the Electrical Power Engineers' Association, are angry at being offered a lower increase than the going rate for settlements in the rest of the industry. Pay increases of 17 per cent were awarded in March to the power station engineers whom the managers supervise.

Pay negotiations have been upset this year by the Government's decision to cut to an average 12.5 per cent the 25.8 per cent increase recommended by the Top Salaries Review Body.

The managers are not covered by the review. But the Government's decision has effectively placed a ceiling on pay increases for deputy chairmen in the electricity supply industry which in turn has affected the amount the employers believe they can offer managers without undermining differentials between the two ranks.

A recent meeting of the staff side for the group considered ways in which unions could press for higher increases at a meeting with employers planned for the end of next week.

A plan of non-co-operation would not have an immediate effect on the industry's output but could cause delays in work on restructuring, promotions and organisation generally.

Unions says that any action by the group would be designed to demonstrate anger at what they claim has been the failura of the employers' side to stick to an earlier assurance that managers would not be treated differently from other staff in the industry.

The main grades of managers in the industry at present earn between £13,400 and £18,750. Deputy chairmen's salaries have risen from between £16,250-£19,750 to £17,500-£22,500.

Journalists' leader attacks TUC speech

By John Lloyd,
Labour Correspondent

MR. FRANCIS BECKETT, president of the National Union of Journalists, has dissociated himself from a speech introducing a composite motion on the media made by an NUJ delegate to the TUC last week.

The speech, sharply critical of bias against unions in Press coverage, was by Mr. Aidan White. The motion, strongly critical of the Press, was passed overwhelmingly.

Mr. Beckett's remarks are the first public sign of a simmering row which went on inside the NUJ delegation, paralleled by strong disagreements in the union leadership.

He told the Edinburgh Branch that the introductory speech to the motion had not been intended to be a "blanket condemnation" of journalists.

In particular, Mr. Beckett takes exception to Mr. White's comment in his speech that journalists were no more responsible for what they wrote "than workers driving rivets into Centurion tanks." Mr. Beckett said there would be no point in having a code of conduct if that were the case.

The NUJ had "no policy which calls on media workers to go on strike over ethical issues." He had received a number of calls from union activists alarmed by Mr. White's speech. The union would make its position on Press freedom clear within the next few weeks.

Mr. Beckett had intended to speak to the media motion at the TUC himself, but was prevented from doing so by the delegation, which voted four to three for Mr. White to speak.

It was supported by the other print unions, though leaders of these unions were privately unhappy over aspects of it.

Mr. Beckett is known to be unhappy with the structure of the NUJ, and with the influence he feels is exerted on the executive by a number of committees below the executive. He is expected to allude to this in further meetings in Scotland this week.

Shipyard unions start lay-off talks at Vickers

BY OUR LABOUR CORRESPONDENT

UNION OFFICIALS representing the 14,000 workers at British Shipbuilders' Vickers shipyard at Barrow-in-Furness, in Cumbria, will discuss possible lay-offs in a series of meetings with the management, starting tomorrow.

Vickers said yesterday that only "options for layoffs" would be discussed at the meetings, and that no firm plans had yet been made. However, union officials fear that work at the yard may cease in the near future.

The yard's 1,300 boilermakers, on strike for seven weeks, claim the Vickers management made special payments to selected groups of boilermakers outside of the scope of the British Shipbuilders agreement.

Talks at the end of last week between British Shipbuilders and officials from the Confederation of Shipbuilding and Engineering Unions broke up without an agreement. British Shipbuilders has dissociated itself from the payments made by Vickers.

The strike has seriously delayed work on the four nuclear submarines under construction in the yard, especially HMS Splendid, which is now being fitted out. It has also delayed the launch of a fifth vessel, the guided missile destroyer HMS Manchester, which was to have taken place on August 27.

The unions involved in this week's talks will be the Electrical and Plumbing Trades Union, the General and Municipal Workers Union, the Union of Construction, Allied Trades and Technicians, and the Sheetmetalworkers Union.

Dockers' transfer plan warning

BY OUR LABOUR STAFF

DOCKS union leaders in Merseyside said yesterday that any move to transfer dockers employed by Bowater's paper mill in Ellesmere Port to the controversial Temporary Unattached Register would increase the chances of a national docks strike.

The jobs of about 40 dockers in the Transport and General Workers' Union who work at the mill's own small port are threatened because of company plans to close the mill in November.

Representatives of the mill's 1,600 workers have made known to dockers' leaders that they would like dockers to start a ban on newsprint imports to help them fight the closure plan.

It seems likely, however, that any firm decision on action over newsprint orders will be delayed at least until next week. Then dockers' leaders will hold a national docks shop stewards' conference on whether to act over the Register's use.

Mr. Alex Kitson, deputy general secretary of the Transport union is to meet Mr. Patrick Mayhew, junior Employment Minister, today to try to avert the threat of a stoppage over the use of the register for workers made redundant by T and J Harrison, the Merseyside stevedoring company.

Meanwhile, a mass meeting of Bowater workers at the condemned mill voted unanimously yesterday to fight the closura plan.

Workers will today warn Mr. David Steel, Liberal leader, that the mill's closure could mean hundreds of forestry jobs being shed in his border constituency.

Mr. Steel, MP for Roxburgh, Selkirk and Peebles, will receive tha message when he meets members of the Bowater workers' action committee at the Liberal Party conference in Blackpool.

The workers hope Mr. Steel could help persuade the Government to give aid to the British *paper-making industry.*

Mr. Colin Marsden, action committee member and an official of the print union Sogat, said he feared up to 1,000 jobs in the forestry industry in the border regions could vanish if Bowater's mill closed.

Postal ballots still resisted

By Our Labour Staff

THE STATUTORY instrument enabling the provision of public money for trade union postal ballota was laid before Parliament yesterday. The scheme, to be run by the Certification Officer, starts on October 1.

Most unions have said they will not take advantage of the scheme, which is part of the Employment Act, 1980, on the grounds that it weakens opposition to the rest of tha Act.

Resign call to Minister

MR. GEORGE HENDERSON, national secretary of the Transport and General Workers' Union's construction and building crafts group, last night called for the resignation of Mr. Geoffrey Finsberg, Parliamentary Under Secretary for Environment.

He accused Mr. Finsberg of "lack of good manners and a total disregard of professional standarda of consultation" in a letter concerning industrial safety.

Mr. Henderson said that Mr. Finsberg "informs ma that the Government will withdraw its support for the Demolition and Dismantling Industry Register. He is willing to explain his decision to me but he did not consult earlier.

"Surely he should have sought my views *and those of* others involved in the industry before taking precipitous action. One of the main planks of tha DDIR is in ensuring high levels of safety.

"If the unsafe Mr. Finsberg is only going to do damage to the industry it is about tima he resigned."

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Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● COMMUNICATIONS

Growing market for data transmission

IN 1978 the newly formed association of 17 Post and Telecommunications (PTT) authorities in Europe, Eurodata, set up essentially to establish facts about telecommunications in Europe and make forecasts, commissioned Logica to make a study of data transmission to the year 1987.

The London company has just completed its findings and they are to be made available in an edited commercial form to any interested organisation at a cost of £30,000. Particular aspects will be published in modular form at proportions of this cost.

Logica forthrightly admits that the market for data transmission has grown twice as quickly as was predicted in a similar study made in 1972 but asserts that the available data is now much more positive and comprehensive so that, coupled with better forecasting techniques, the new predictions are liable to be rather more accurate.

The present position is that almost a million people are now utilising data communications on a daily basis, yielding about $2bn of revenues for the European PTTs.

But by 1987 it is predicted that this will have risen to 6m users and this means, says Logica, that the PTTs will have to install modems, leased circuits and associated facilities at about four times the rate they do today, with corresponding increases in purchases from their suppliers and a major increase in the manpower currently employed in data communications.

Generally speaking larger users are liable to go on using dedicated data lines (circuit switching) but in the public sector growth in circuit switching will be outstripped by packet working so that by 1987 the ratio will be two to one. But the whole of the public network business, now forming only 2.3 per cent of all data connections, will constitute 30 per cent by 1987 according to the survey. Some 450,000 new public network ports and connections will have to be installed by then. In addition, another 600,000 leased circuit connections will be needed for the heavy duty users.

By 1987 telephone useage in relative terms will have risen very little and in view of the intensive use of data terminals in comparison with phones the revenue significance of data transmission to the PTTs will be very marked.

The study provides a mass of detail about useage by country, region, industry sector, application and so on. It turns out that although Sweden has the largest number of data connections per 1,000 employees, the UK is the biggest user, making twice as many data connections as West Germany.

At the industry level the report shows that banking, DP services and air transport are clear leaders in the number of connections per employee although by 1987 the insurance industry and the utilities will be coming up to similar levels of useage.

The total cost of the Eurodata 1979 Study has been about £1m. It has involved no less than 2,800 face-to-face interviews, 30 man years of effort and an accumulation of 800,000 separate estimates and forecasts plus 3,000 pages of computer print-out.

According to project consultant Tim Johnson Britain is still in a good position in data communications technology and there is a real prospect of it taking over the lead in the provision of these kinds of systems.

Logica is now carrying out additional work on behalf of manufacturers to determine such things as the value of the equipment that will be needed and the rate of capital investment to effect its production.

Johnson points out however, that it can only be the quick acting manufacturers that will be able to "make a killing worth many billions of dollars."

It is understood that ITT, IBM, Racal, Siemens and Rank Xerox have already availed themselves of the report. Further details can be obtained from David Lewin at Logica, 64 Newman Street, London W1A 4SE (01-637 9111) or from Steve Valiant at Eurodata Foundation, 55 Old Broad Street, London EC2M 1RX (01-638 3308).

GEOFFREY CHARLISH

Norwegian system

A microcomputer-controlled internal communication system, the Pamex MPC, has been introduced into the UK market by Cable and Wireless UK Services, 82-83 Blackfriars Road, London, S.E.1 (01-633 9577).

Pamex MPC is a further development of the Stentofon Pamex system manufactured by Stentor A/S, Trondheim, Norway. Two orders each worth more than £100,000 have already received from Independent Television News and London Weekend Television, and the system is now being installed in their London studios.

The major advantage claimed for MPC is that changes, improvements and extensions can be simply programmed into the control panel without costly and cumbersome additions to the array of hardware in the office. The new system also has space for more speech channels, thus enlarging the traffic capacity of the exchanges.

The 160- and 240-line exchanges can be equipped with as many as 12 speech channels and the 480- and 720-line exchanges with up to 23 speech channels. Such facilities as automatic callback and inquiry to a third person are also provided.

Post Office approval for the interconnection of private exchanges through rented telephone lines allows rapid, efficient and cost-effective links to be maintained between offices and factories throughout the country and also, in some instances, with overseas branches.

● SAFETY

Shows truck location

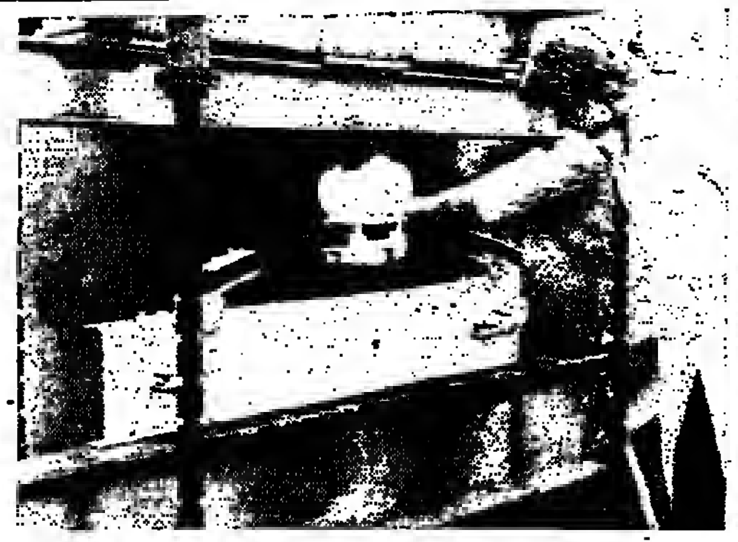
DEVELOPED BY Hydraulics and Pneumatics of Wolverhampton in conjunction with the National Coal Board is the Rovir haulage monitor which enables the operator to see at a glance the position of a haulage train in mine drifts.

An analogue display gives an immediate approximate position in relation to diagrams showing both the roadway plan and its elevation.

Data is obtained for the displays by measuring the speed and distance travelled from a sensing head mounted on the haulage surge wheel (normally very near to the driving position). There is no need for a series of limit switches to be fitted to the track.

The unit, which also has lamps to show overspeed, hazards and so on, can operate in drifts up to 3,000 yards long, is intrinsically safe and can be operated above or below ground. It has adjustable men/materials settings and a digital display which shows precise distance travelled.

More from the company at Unit 6, Wulfrun Trading Estate, Wolverhampton MV10 6HY (0902 773411).



Two of the latest developments by Rubery Owen (Pressings and Fabrications) are a carbon fibre/glass fibre leaf spring for commercial vehicles and an under-ride protection unit. The leaf spring (shown on the left undergoing a test) is stated to provide a weight saving of well over 60 per cent. It is manufactured as a hybrid layered composite of glass fibre and carbon fibre and each end has an integral steel bracket with "eyed" location collars. The under-ride device (shown on the right) is designed for vehicles with gross weights between 16 and 32 tonnes. In the event of a collision at the rear the device deflects and reduces the impact. It will withstand an impact of 10 tonnes and return to its normal operating position afterwards.

● DATA PROCESSING

Records flexible working hours

MADE BY Benzing in West Germany and now to be supplied by GEC company Reliance Systems in the UK is a *flexible working hours* recorder called Redacomp.

All the employee has to do is insert a personalised plastics card into a wall-mounted unit every time he enters or leaves the premises. Any of several terminals in a building may be used and on versions equipped with displays the user will be able to record his presence or absence and also see the details of his hours worked to date.

Authorised absences — holidays, sickness, official trips — can be entered into the system by suitable management staff only and from units equipped with a printer lists of people absent, *with an analysis of* the reasons, can be obtained.

The system's programming allows part time employees and occasionally employed people to be accommodated and in addition any overtime worked can be programmed to be recorded on a separate memory for later analysis.

Redacomp will also provide the complete time record of any individual, summary records of all employees and data in other formats as well.

Programming and alterations to the memory are carried out using an operator's panel which is under a locked flap.

The system is available in two sizes. Depending on the amount of programming for different work schedules the two systems can accommodate up to 130 and 275 employees respectively. The system is thus aimed at the rather smaller organisation which could not justify the employment of some of the larger systems available.

Reliance Systems is at Turnells Mill Lane, Wellingborough, Northants, NN8 2RB (0933 225000).

● INSTRUMENTS

Finds surface cracks

THE ABILITY to set its own zero point automatically, regardless of the material, is the main advantage of an eddy current surface crack detector, Novalec 96c, put on the market by SI (Systems+Instrumentation).

This portable battery-operated unit works on the customary "disturbed tuned circuit" principle. Basically, the eddy current probe forms part of an accurately tuned circuit and also induces energy into the sample. With no sample defects the induction pattern is uniform as a scan is made with the probe, but a defect causes a reaction in the tuned circuit and the resulting change of current in the main oscillator gives a basis both for detection and measurement of crack depth.

Because a change in the material under test can produce similar effects, the 96c is provided with a special circuit that is able to sense small changes from sample to sample and automatically re-set the instrument's meter to zero.

This unit also has the advantage that when the probe is above a defect, the reading is maintained until the probe is moved away. In addition, the response speed is very fast so that cracks are not likely to be missed in a relatively fast scan. The instrument can be used, and has calibrations for non-ferrous, ferrous and austenitic materials. Audio indication of a detected flaw is provided, and a neon lamp indicator.

The instrument measures 290 x 160 x 115 mm and weighs 2 kg.

SI (Systems+Instrumentation) is at 31, Bridge Street, Pershore, Worcs, WR10 1AJ (03865 3317).

● MATERIALS

Conveyor repairs

MATERIALS, accessories and simple tools needed to repair conveyor belts quickly are contained in a kit now being marketed by Devcon, Station Road, Theale, Reading, Berks RG7 4AB (Reading 302304).

The repair material is a urethane compound brand-named Flexane BRK which when applied does not require heat or pressure. It is simply mixed and trowelled into place.

Whe filling thick sections of damaged belt there is no shrinkage and no waiting for several thin layers to dry. It cures to a resilient and durable rubber-like material which is claimed to resist the effects of oil, grease and most chemicals and to withstand temperatures up to 120 degrees C.

● ELECTRONICS

Plots at high speed

NOW AVAILABLE from Benson Electronics is a 22 in electrostatic plotter able to work at 200 dots per inch and produce 13.2 sq ft of plotted material per minute.

This model 9222Q uses the Quadrascan writing head containing four offset rows of writing styli rather than the conventional single or double row. In operation, each dot appearing on the paper overlaps adjacent dots by about 50 per cent giving very smooth lines and solid areas which are very black.

Resolution, horizontal and vertical is 200 dots/inch; the dot size is nine mils with a centre to centre dot spacing of five mils.

In the plotting mode the copy leaves the machine at up to 1.5 in/sec with a repeatability of 0.1 per cent and a maximum accumulated error of 0.2 per cent.

When used for printing the machine's output rate is 560 lines/min from a standard ASCII set of 123 characters, with two software selectable sizes.

At the push of a button a "quick look" plot can be obtained requiring only a quarter of the data rate to provide a reasonably detailed result, saving considerably on central processor time.

Interfaces are available for connection to most popular minicomputers and there is a software package consisting of Fortran and Assembly routines which allows the CPU to sort raw vector information and convert it to raster data for printing.

More from the company at Redcliffe Way, Bristol BS1 6NH (0272 211501).

● RETAILING

Cashing in on new technology

THE HUMBLE cash register has moved a long way, thanks to microelectronics technology. Latest in the line of electronic cash registers comes from Sweda, with its L50 series.

On display at the Hardware Trades Fair at Olympia this week, the L50 series has a number of unusual features.

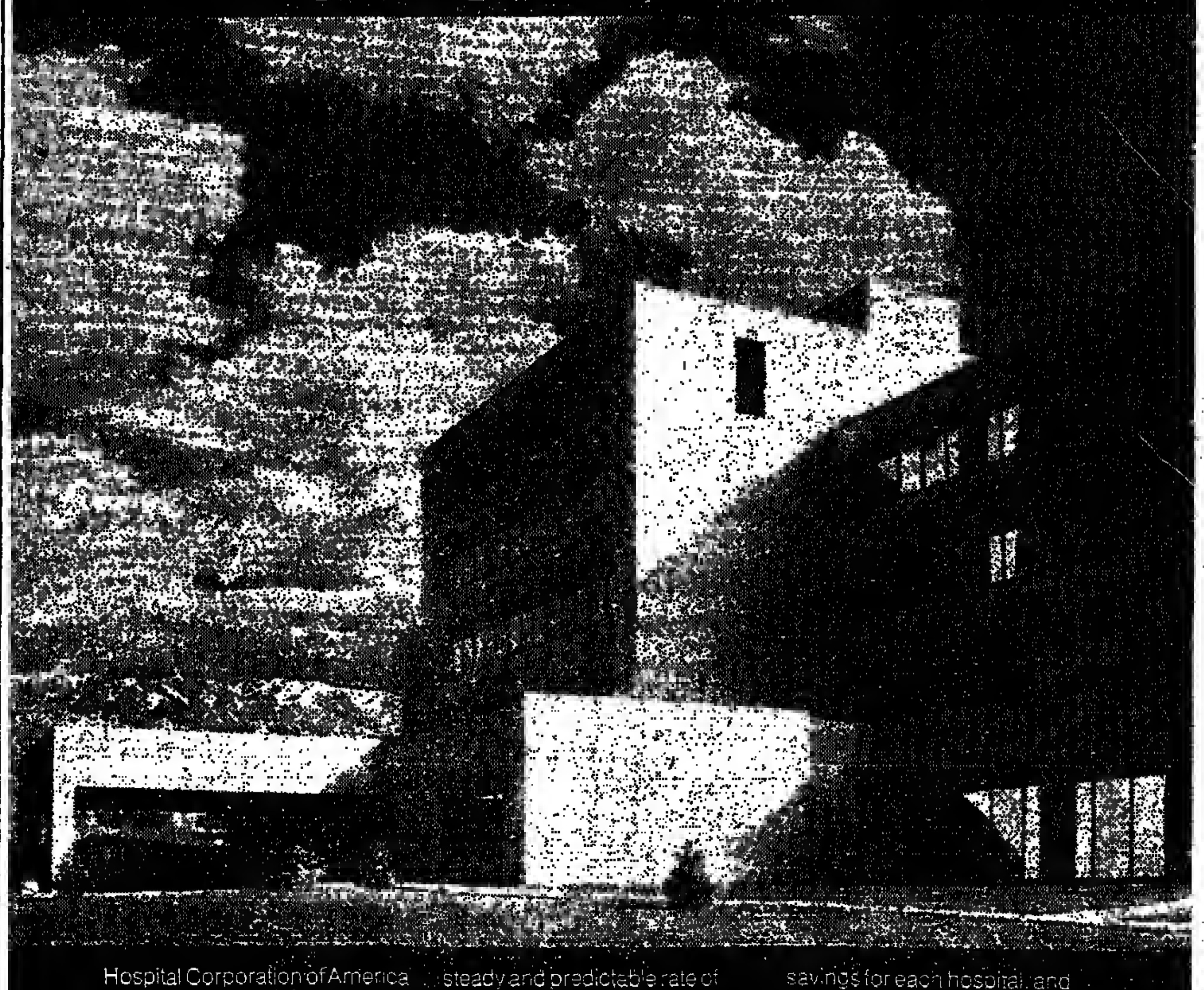
In can function as a stand alone electronic cash register or be used as a point-of-sale system providing, Sweda says, "consolidated trading and financial reporting, data collection and telecommunications."

The key to the Sweda system is what it calls a "consolidator." It is a manager's terminal with the ability to carry out transaction processing with up to 31 individual cash registers. Sweda says: "The user can load programs and maintain files for all the registers from a single point and obtain a wide variety of management reports on subjects such as hourly sales, stock control and sales assistant productivity. The information obtained can be displayed on a video screen or printed as hard copy.

Sweda argues that using the "consolidator" there is no need for a back office computer, and that the L50 series costs substantially less than traditional point-of-sale systems.

There are three basic models: the L55-10 with 18 fixed and up to 22 keys which can be individually programmed; the L55-20 with 18 fixed and up to 34 programmable keys, and the L55-30 with 18 fixed and up to 84 programmable keys.

Other facilities include an external memory file which can hold up to 3,200 price look-ups (compared with the 465 in the register's internal memory) and a data collector to store information from the register on magnetic tape. Sweda is on 01-253 3090.



FINANCIAL TIMES SURVEY
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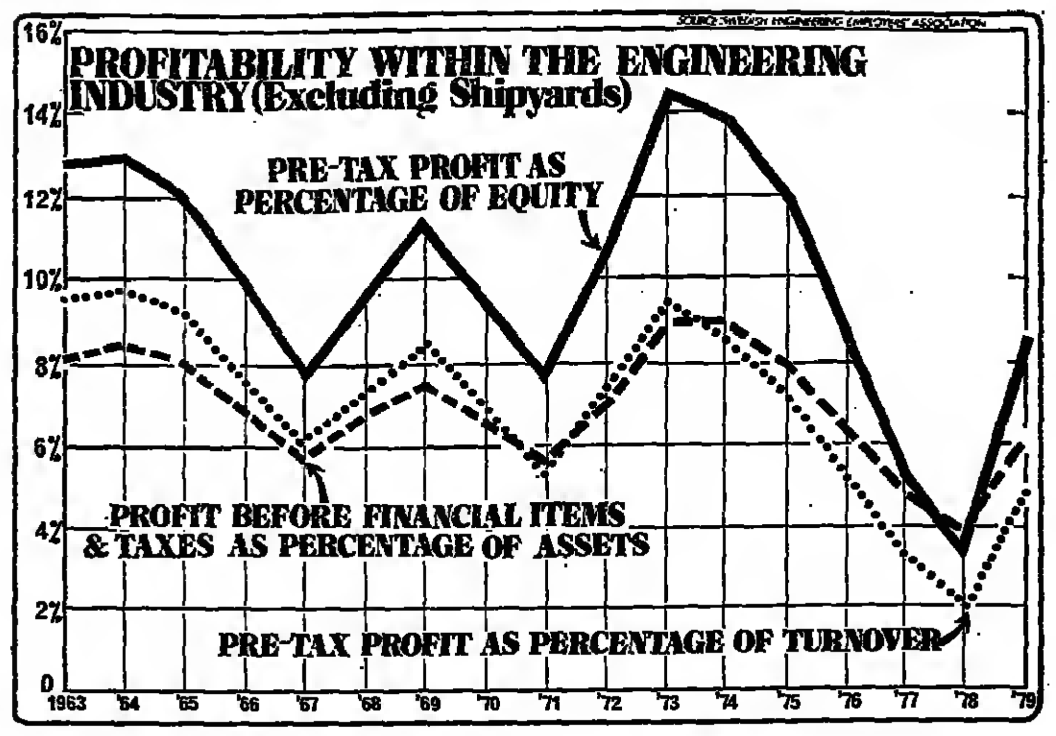
Swedish Steel and Engineering

Sweden's hopes of putting a sluggish economy into forward gear are pinned to its engineering industry. As steel producers resign themselves to shrinking markets, engineering companies display remarkable confidence in their ability to lead the way by exporting their sophisticated technologies. But the traditional machinery of social and economic consensus has seized up, and there are worrying questions over profits, investment, and Sweden's labour laws.



Exports are the key to recovery

By William Dullforce
Nordic Editor

SWEDEN'S industrial production is stagnating and its current account deficit this year will probably surpass 4 per cent of its gross national product. It will borrow between Skr 25bn and SKr 30bn ($6bn to $7.2bn) from international banks in 1980. But only a very small portion of the loans will go to expanding production; the bulk is being used to maintain consumption.

1979 was a relatively good year for *Swedish* industry. Export demand was strong, company profits recovered, and by March this year the engineering companies were operating at 87 per cent of capacity. But Swedish industry today produces no more than it did in 1974. And after a 20 per cent increase in 1979, expected to be repeated this year, industrial investment will still be lower than in the 1974-76 period.

This is the situation with which the three-party, non-Socialist coalition Government of Mr. Thorbjorn Falldin is trying to grapple. It is an unusual situation for a country which, less than a decade ago, could still justly claim to be among the world's industrial leaders and which still has remarkable technological resources and business skills.

Sweden has of course suffered together with the rest of the industrialised countries from the increases in oil prices—perhaps more than most, since imported oil supplies 70 per cent of its energy requirements. Sweden's traditional exports—iron ore ships and steel—have also felt the impact of competition from the newly industrialised countries.

Yet there is also a specifically Swedish problem. The economic and social machine which functioned so smoothly through the 1950s and 1960s has become clogged. The smothering effect of a swollen public sector on industrial enterprise is one instance often quoted.

A recent symptom was the industrial dispute in April and May this year which involved some 800,000 in strikes and lockouts. More evidence of malaise came in the summer, when the Government was forced to call an extraordinary session of the Riksdag (Parliament), in order to raise value added tax by a modest 1.9 per cent—a measure wbicb are retarding the indusadequate response to the accelerating current account deficit.

However one analyses the blockages and hitches in the current Swedisb social machine wbich is retarding the industrial effort—and the Swedes have produced plenty of analyses of their own—one fact remains incontestable: Swedisb engineering is crucial to the country's economy.

Raw material

With the raw material supply restricting the growth of the pulp and paper mills, Sweden bas for years been looking to the engineering indnstry for a bigger and bigger export contribution. It bas become a truism to call it the engine of the economy.

The Swedisb steel Industry, with which this survey is also concerned, is in a very defensive posture. Svenskt Stal, the commercial steel company, is shrinking to fit a reduced market. Although some of the special steel firms have reacted vigorously and aggressively to the slump which hit them in the mid-1970s, it will be difficult for the branch as a whole to expand.

Hopes of getting the economy back on the rails rest firmly on the engineering industry. Can it respond? When the question is put to Mr. Roland Kiessliog, managing director of the Mechanical and Electrical Engineering Association, the answer is prompt: "We bave the technology. The problem is to apply it and to find enough capital to introduce it."

The answer is ecboed by one business leader after another. The debate over the lack of innovation, the decline in research and development, and the deterioration in educational standards has exercised politicians, academics and trade organisations over the past three years. But the major Swedisb companies, at least, reflect a remarkable confidence in their ability to meet the technical challenge.

On the other hand, they are deeply concerned about finance, and most specifically about the difficulty of generating sufficient profit to keep pace with inflation and leave enougb over for investment. Their worry is mirrored in the sluggisbness with wbicb investments have risen this year after the profit recovery of 1979.

One reason adduced for the sluggishness is that the profit recovery was insufficient. The average pre-tax return on equity among engineering companies rose from 3.2 per cent in 1978 to 8.2 per cent last year, according to tbe annual survey conducted by the Swedish Engineering Employers' Association.

Mr. Aake Nordlander, the Association's managing director, comments: "The engineering industry bad five years of declining earnings until 1979. We expect profits this year to be on roughly the same level as last and in an inflation economy companies need to earn more. We estimate that the return on equity sbould average 12 per cent through a business cycle, if we are to get expansion."

On the day that his company reported a slide in its second quarter earnings Mr. Pehr Gyllenhammar, managing director of Volvo, the car and truck group and Sweden's biggest industrial concern, wrote in a Stockholm daily about the need for industrial expansion.

Industrial loans

Investment bad to be stimulated by improving company profitability, Mr. Gyllenhammar reiterated. This could be achieved by keeping wage increases low, by bolding down public cbarges on company payrolls, by providing industrial loans on attractive terms and by maintaining favourable rules for depreciation of assets, he wrote.

Mr. Gyllenhammar's article reflected the dissatisfaction with the fumblings and indecision of the non-Socialist Government, which is widespread within the industry and without doubt a contributory factor to tbe current reluctance to invest.

Many business leaders feel tbat the Government badly mishandled the labour market crisis in the spring. It bas been criticised for acting too late to avert the showdown, for contributing to a settlement whicb at best does not belp industry's competitiveness, and for making tax and food subsidy concessions which it now has to claw back at the risk of provoking the trade unions into a militant mood before next year's income talks.

Tbe Government cannot be loaded with all the blame for this year's industrial dispute and the subsequent 12 to 13 per cent rise in industry's labour costs. But it has failed to come througb with the stimulus to industrial expansion it bas been promising to make.

Particularly irritating for industry is the coalition's failure to do away with the double taxation on sharebolders' dividend payments. This is regarded as a major impediment to a revival of the stock exchange and to the renewal of savers' interest for investment in company shares, which would allow companies to look to the market for more equity capital.

Professor Ulf af Trolle, who has been employed as consultant by many Swedish and foreign companies, recently pointed out that the SKr 25bn to SKr 30bn whicb Sweden will borrow abroad this year would be enough to buy up all the Swedish industrial and shipping companies at tbeir current stock excbange valuation.

Doubt about the capacity of the present Government is only one of several psychological restraints on the engineering companies' willingness to invest in expansion. Others are deeper-rooted. One which returns constantly in conversation with business leaders is the effect on working morale of the trade unions' so-called "solidarity" policy and the far-reaching benefits they bave won for their members.

Solidarity policy

The "solidarity" policy is based on the equal pay for equal work principle, which entails that workers in companies running at loss receive the same wages as those in profitable concerns. It also involves keeping minimum wage earnings so high that the differentials between skilled and unskilled work are eroded.

Even more dangerously, from the point of view of industry, the principle bas been extended to the rapidly growing public sector. There is, therefore, very little income incentive for young people to go into the factories rather than the social services or local government employ.

The unions representing the public sector workers figbt bard to maintain equality of income with the industrial unions, even to the extent of obtaining guarantees in their pay settlements.

Absenteeism is a growing problem in Swedisb factories. On average, 17 per cent of employees are off work and some companies reckon that they must overstaff by 25 per cent, in order to ensure regular production.

Recent research indicates that the absenteeism is not, as was thought, mainly due to workers unjustifiably exploiting sickness benefits, but to "legalised" absence from work. Many workers take advantage of the rights to study, go on union courses o rstay at home with new babies which their union negotiators have won for them.

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Industry's reconstruction threatens clash of interest

THE SWEDISH steel industry is still in the throes of rationalisation, as it faces up to the downturn in the world steel business in the second half of this year and in 1981. It is already evident that the downturn has disrupted the reconstruction plans of Svenskt Stal (SSAB), the commercial steel company set up in 1978. The company is now unlikely to reach its target of breaking even in 1982.

In the special steels, which weigh much more heavily in Sweden than in most other countries, the outlook is more promising. Some mergers, a rationalisation of output to obtain larger series and vigorous efforts to offer higher fabricated products and better service on export markets are taking effect. But even in special steels the strength and viability of some Swedish manufacturers remains to be proved.

Conflict

Moreover, the reconstruction of the industry threatens to produce a conflict of interest. SSAB's plan to turn its Domnarvet works at Borlange into a modern scrap-based plant will greatly enlarge its need for scrap, in competition with the smaller commercial steel mills and some of the special steel manufacturers. The future scrap supply is currently a burning issue.

In the steel business, 1979 was one of the best years of the decade. Output, exports and earnings in the Swedish industry all improved. But the profitability analysis for the year published in July by Jernkontoret, tha Swedish Ironmasters' Association, spotlighted the underlying weakness.

Profitability climbed by some S per cent overall in 1979. But the average return on total capital employed in the special steel companies was still a 1 per cent loss, while the commercial steel producers lost S per cent on their capital. It must in fairness be pointed out that in many companies rationalisation plans had still not given their full effect in 1979.

Sweden made just under 5m tonnes of crude steel last year, of which over 30 per cent went to special steel manufacturing. Output of finished steel products 3.3m tonnes, valued at roughly SKr 10bn, of which exports accounted for SKr 7.4bn ($1.77bn). Special steel sales abroad were just under SKr 5bn.

In volume terms, Sweden imported more steel than it sold abroad—1.93m tonnes against 1.83m tonnes. But in value, exports were more than SKr3bn ahead of imports, thanks to tha much higher added valne in tha stainless and alloy steel products. West Germany was the biggest export market, with the U.S. in second place and Britain in third.

As in most of the older steel manufacturing countries overcapacity remains a central problem. Even in a relatively good year, such as 1979, tha 5m tonnes of crude steel produced were still some 2m tonnes less than capacity.

Largely through SSAB's restructuring, mills producing 1.5m tonnes are being closed but expansions by the special steel makers will add 500,000 tonnes new capacity. Thus even after the current reorganisation, Swedish steel capacity will still be around 6m tonnes.

Capacity utilisation is a key issue for SSAB. Last year it made 2.27m tonnes of crude steel from a capacity of 3.6m tonnes. The plan formulated would leave it with a capacity of 3.1m tonnes after 1981.

SSAB was formed in 1978, with the State taking a half share and two private companies, Granges and Stora Kopparberg—anxious to get rid of steel operations on which they were making punishing losses—dividing the remaining half. Granges handed over its beavy plate mill at Oxelosund to the new company, Stora Kopperberg contributed its Domnarvet works, while the State added its steel plant at Luleaa in north Sweden.

Under the programme submitted by SSAB's managing director, Mr. Bjorn Wahlstrom in May, 1978, ore-based steel production would be restricted to Luleaa and Oxelosund. The blast furnaces at Domnarvet would be closed down, to be replaced by a modern scrap steel plant, giving 400 tonnes a year.

The plan for Domnarvet also included a heavy investment in rolling capacity to produce thin steel plate, in which SSAB hoped to recapture a large share of the domestic market. Some SKr 1.5bn is being invested in Domnarvet.

This plan was from the first a compromise with political and social considerations. It is no secret that on a strictly business assessment, Mr. Wahlstrom would have preferred to have concentrated crude steel production at one of the coastal sites.

Target

Concern for unemployment restricted SSAB's ability to raise productivity and earnings by reducing the labour force. The target is to cut the number of jobs from 18,000 in January, 1978, to 14,650 in 1987. In return, the Riksdag (Parliament) allocated SSAB a restructuring grant to cover losses, in addition to investment loans totalling SKr 3.1bn.

Political problems, particularly opposition to the closing of the Domnarvet blast furnaces, have continued to hamper SSAB in executing its plan. In May this year, after the weakening of the steel market hsd been clearly signalled, Mr. Wahlstrom revised the plan to speed up rationalisation, reduce inventories and raise fresb capital by selling off some smaller group units. Tha second blast furnace at Domnarvet is now expected to be shut down next March.

Productivity, however, remains a major obstacle to SSAB'a return to profit. Last year outpnt per employee was 120 tonnes; under the rationalisation programme it would reach 170 tonnes at best. This compares with the 400 tonnes achieved in the Japanese mills and the 250 tonnes recorded in the better West German steel companies.

SSAB is falling behind its timetabla for returning to profit and using up too quickly the SKr 1.8bn granted by the Riksdag to cover its losses until 1982. It lost SKr 1.08bn in the last two years and, although the management had expected this year to reduce last year's loss of SKr 410m, the combination of market recession with the Swedish strikes and lockonts in April and May make this a tough target.

In the longer term, too, SSAB's intention to regain a large share of the domestic market remains to be tested. In the thin plate market, which is central to its strategy, the Finnish company, Rantaruukki, has successfully moved in to fill the vacuum left by the withdrawal of the Japanese mills.

The investment in the reconstruction of SSAB will be about SKr 3bn by 1982. Will it be enough? From today's perspective, it seems likely that by 1982 SSAB will be asking for more public money, either to go ahead more trenchantly with ratinalisation or, if the Riksdag so chooses, to continne as a loss-making concern providing jobs.

A consulting team from the Japanese Nippon Company, which recently studied SSAB's Luleaa plant, advised that for a comparatively modest further investment crude steel output there could be raised to 2m tonnes with considerable economic benefits from larger-scale production.

This advice appears to clasb with SSAB's over-capacity problem and its difficulty in finding markets. But suppose that the concentrate pre-based crude steel making at one centre, and approached the privata companies with the suggestion that they might look to Luleaa in future for a major part of their crude steel?

The special steel manufacturers would no donbt oppose the idea. The development of new steel-making techniques—including those under trial in Sweden itself—could rednce the advantages of large-scale blast-furnace production. But the idea that the solntion to the problems of Sweden's steel industry lies in closer cooperation between the State company and private companies is being discussed.

William Dullforce

Exports

CONTINUED FROM PREVIOUS PAGE

A study, so far unpublisbed, of the time actually worker by industrial employees in a number of European countries is expected to show that the Swedes put in less time in their factories than any of the others. They also work less overtime, a result which may be connected with higb Swedish taxation.

The joh security laws, which make it extremely difficult to dismiss or lay off workers when business is had and also hamper the transfer of workers from declining to expanding industries, provoke further grumbles from husiness leaders.

Mr. Pervy Barnevik, ASEA's new and young managing director, bas a refreshing attitude to the situation. "We can talk sbout how Sweden sbould be chaoged and that is an important topic, but as a company we have to live within that framework and be effective within it." he says.

Pioneer

ASEA offers an illuminating example of the current situation of Swedisb engineering. Basically a beavy electrical engineering concern, it has a multinational spread and a wealth of technical developments to hand. It pioneered high-voltage direct-current electric power transmission; its rail locomotives are built in the U.S. under licence by General Motors. The parent company spends 7 per cent of its turnover on research and development.

But ASEA's profit record is mediocre. The return on "yield-demanding" capital has been a little over 7 per cent in real tarms in the last two years. Like several of the other hig Swedish engineering companies, its shares are beavily undervalued on the Stockholm exchange.

"The problem is to obtain growth," says Mr. Barnevik, reiterating at company level the dilemma for Swedish engineering as a whole. "Our ssset is our technology but we have got to market it. Our future lies outside Sweden and we have to entrench ourselves in new markets."

To return from the company aspect to the nationsl scene it is evident that the future of the engineering companies depends not only on their own technical and husiness efficiency but also on political and social attitudes. The vexed question is how the politicians can splice together Swedes' consumption and social expectations with the cost framework of an industry that has to compete on foreign markets. The Swedish politicians have not yet produced that new model.

Special steel makers ignore Government

OVER THE last two years the Swedish special steel industry bas undergone a thorougb shake-up. The Government has made available SKr 1.3bn ($310m) in loans to facilitate the re-organisation, but—in contrast to its approach to the commercial steel business—it has not put in any equity capital.

Tbe manufacturing of special steel has remained in the hands of private enterprise and the companies have worked ont their own answers to the problem of declining earnings and shrinking markets whicb hit them in the mid-1970's. And despite help from State loans, they have not followed the Government's wishes as outlined in the report of a Commission of Inquiry into the special steel industry in 1977.

Negotiations for the merger of the steel interests of SKF Uddebolm and Fagersta, for instance, broke down. Tbe product differentiation intended by the Government has not been fully schieved, althongh aoma mergers bave taken place and the companies bave worked hard at rationalising output.

There bas, however, been a notable similarity about the strategies adopted. Tbe emphasis has been nn trimming product ranges to obtain longer series, while greater effort is put into meeting individual customers' reqnirements.

Paradox

This apparent paradox has been resolved by concentration on volume products, frequently at expanded centres, and by widening the company's trading activities, so that it can bny from other companies the components needed to meet customer's overall needs.

Traditionally, Swedish special steel manufacturers worked by prices per kilogram, offering a broad range of high-quality products with high added-value. Forced by rising domestic costs and foreign competition to increase volumes, they are compensating by more sophisticated marketing techniques.

All the larger manufacturers have also been investing beavily in new plant, demonstrating a remarkable faith in the future. Bnt the weak financial status of some concerns must raise a question as to wbether all the investment can pay for itself.

Two new gronpings have emerged from the re-organisation of the industry. Tha Kinnevik investment company, which controls Sandvik, has, by exchanging shares with another investment company, also acquired control of Fagersta. Uddeholm, by merging its stainless steel interests with those of Granges, has formed Nyby-Uddeholm. It has a 90 per cent holding in the new group and has become the largest of the Swedisb special steel companies by turnover.

Two large manufacturers, SKF STEEL and the Alex Johnson group, which owns the Avesta and Bjorneborg steelworks, hsve chosen to go it alone, arousing some negative reaction in the process. SKF's expansion of its tool steel operations and its leasing of Bofors' spacial steel works ba particularly angered Fagersta, while Avesta's investment in expanding its prodnction of processed stainless steel sheet and plate overlapa Uddaholm's stainless steel interests.

Perhaps significantly, these two companies were the most profitable last year and promise to be so again this year. In fact, if tha income from sales of subsidiary electric power operations is exclnded, these were the only two companies to make money from steel operations in 1979. Both also belong to gronps with strong financial resources.

Avesta has an annual stainless steel ingot capacity of 200,000 tonnes and can roll the widest stainless steel strip in the world. It is expanding both at home and abroad, having recently acquired a tube manufacturing company in Holland. A new unit, Axel Johnson Steel, is being planned, to trade worldwide in special steels. It will handle not only the group's own prodncts but buy outside components to offer customers system solutions.

Mr. Karl-David Sundberg, managing director of SKF STEEL, has no misgivings about going it alone. SKF runs more than 600,000 tonnes of ingots per year through its two mills, bas big volumes in its specialities and has just invested some SKr 225m in "the most modern electric steel mill in the world" at Hofors.

In 1977 SKF STEEL made a loss of Skr 150m; last year it earned SKr 65m before tax; this year, it expects to make some SKr 100m this year, even after losing about SKr 30m during the Swedish labour disputes in the spring. Mr. Sundberg attributes this recovery to the modernisation at Hofors and to a cost-efficiency drive wbich has cut the labour force by 400 at the same time as production volumes have grown.

Rebutting criticism of SKF's expansion into tool steels, Mr. Sundberg points out that the company was already ona of producers for its own bearings business and already selling tool steel to other manufacturers. But, be admits, the leasing of Bofors' tool steel facilities has given SKF "s flying start" in the business.

The co-operation between Sandvik, whose financial strength derives from its cemented carbida operations, and Fagersta, is designed to smooth the way for the rationalisation of Fagersta's rather fragmented product range. Sandvik is already tbe largest customer for Fagersta's high-speed steel and the tuba businesses complement each other.

But the biggest gain for Fagersta, it is estimated, could be in marketing. It will now he able to exploit Sandvik's highly developed world marketing apparatus and elaborated techniques for customer service.

Majority holding

Uddebolm, now the largest Swedisb special steal concern with a turnover of around $800m bas gone through the most thorough transformation of them all. It has sold its pulp and paper operations to Billerud, has merged its stainless steel business with Granges' Nyby, established a tooling steel division, and joined Sandvik in a new subsidiary, Uddeholm strip steel. Sandvik later bought a majority holding in this company.

There is no doubt that Uddeholm needs time to shake down and to consolidate its finances. Last year the group moved out of the red, improving pre-tax earnings by soma SKr 325m to a profit of SKr 3m. Mr. Ake Ahlstrom, the new managing director, has forecast "a positive result" in 1980.

In Nyby-Uddeholm the management is still working to sort out the product lines after the merger and to bring out the potential advantages of larger volume production. But the main message from Uddeholm management is a new marketing philosophy.

This has been pushed very strongly in the U.S., where Uddeholm has 24 service centres. These do not merely distribute but also offer customers' biggest tool steel grade needs and problems. Uddeholm cannot compete in price with American steel manufacturers on individual steel grades, but it can attract customers by offering them a "total cost" solution, it is argued.

W.D.

SWEDISH STEEL AND ENGINEERING III

Industrial climate right for robots

SWEDEN CAN fairly claim to be one of the most advanced nations in the world in the use of industrial robots. By the end of this year more than 1,000 robots will be operating in Sweden, giving it the world's highest robot ratio per head of population. The country has more than one-third of the robots at work in Europe; Britain, by contrast, has less than 200.

The Swedes are not only consumers. They have four robot manufacturers, of which one, ASEA, is among the three largest in the world. Another, Electrolux, is expanding rapidly from its home base. A third well-known Swedish company, Atlas Copco, recently bought up a small domestic company producing a paint-spraying robot. It is now aiming at a world market.

It was natural for Swedish companies to be among the first to exploit the opportunities of robots in the 1970s. High labour costs, a strong environmental lobby and trade unions, which were both extremely safety conscious and well-disposed towards the introduction of more effective production methods, offered plenty of incentives.

Now the Swedes are conducting intensive research into flexible manufacturing systems, exploiting the facilities offered by robots, computers and numerically controlled machines. ASEA and the Institute of Engineering Research (IVF) in Gothenburg are developing a "production with limited manning" concept which could dramatically enhance the effectiveness of production systems.

ASEA'S robots are linked to machine-tools in production groups which in daytime can be fully manned and carry out the more complicated operations.

An ASEA robot cleaning a casting. The robot picks up the castings fed to it on a roller conveyor and moves them to the correct positions for a rotary cutter and grinding wheel to clean them

During evening and night shifts, which may be partly or completely unmanned, the robots and tools execute simpler operations. Production engineering of this kind not only cuts labour costs, it also enables expensive machines to be depreciated faster. This in turn should enable companies to keep up with investment in fast developing technology.

Industrial robots and the accompanying microcomputer technology are likely to be a determining factor for the future of Swedish industry. They offer opportunities for engineering companies to cut costs and retain the competitiveness which has been under increasingly strong pressure during the last decade.

The robots can also provide valuable export income. As competition in the manufacturing of robots warms up world-wide, executives in both ASEA and Electrolux expressed in recent interviews their determination to retain their shares of the world robot market. This implies that they anticipate an expansion of some 30-40 per cent a year in exports.

Over the last two years the Swedes have been intensifying their introductory and training courses in robot technology for foreign customers both at home and abroad. Courses have already been held in West Germany, Holland and Switzerland.

As in most other countries the automobile manufacturers, Volvo and Saab, led the way in introducing industrial robots into Sweden. But Electrolux was not far behind in developing robots to work on the production lines for its refrigerators and other household equipment. The welding of car parts, nevertheless, gave ASEA the first impetus for the development of its robots in co-operation with ESAB, the welding equipment company, in which it has a 50 per cent shareholding.

Extended

ASEA marketed its first robot with a 6 kg carrying capacity in 1973. Three years later it introduced the 60 kg model and has since improved the capabilities and extended the application ranges of these two basic units.

It has sold some 800 robots altogether to more than 15 countries and during the past four years it has multiplied annual sales by 10. It is "certainly the largest robot manufacturer in Europe" according to Mr. Hans Skoog, the manager of the industrial robot business.

Sales last year amounted to about SKr 100m ($21.5m), of which roughly two-thirds came from the 6 kg robot. Current capacity is over 400 robots a year and an expansion is already planned. About 80 per cent of sales are now being made abroad.

Last year it introduced a new capability to the robot. By responding to signals from sensors, it can now modify its paths and adjust automatically to new programme points, even during operations. In other words, the robot has been given "a sense of feeling" and can deviate when necessary from its programme without intervention by an operator. This is the first time such a facility has been made commercially available, according to ASEA.

Arc welding is still the largest single application for ASEA robots and the new sensing feature should double or even treble this market, Mr. Skoog calculates. But the robots are tackling more and more jobs. The company's latest reference list shows that 69 of the larger robots have been sold for spot welding.

Electrolux's robot philosophy is somewhat different from that of ASEA. It has deliberately gone for an unsophisticated product.

The household appliances group makes two robots, senior and junior, both with pneumatic drives for handling materials, and loading and unloading machines. Their most prominent feature is a modular system, which has enabled Electrolux to widen the work range by gradually introducing new components, such as gripping devices.

Depending on the specification, an Electrolux robot costs between $26,000 and $43,000. Some 450 have been made, of which about 100 are used within the Electrolux group.

Earlier this year, Electrolux signed a co-operation agreement with Automatix Inc., a new advanced technology company financed by the Massachusetts Institute of Technology and Harvard University, which has a welding robot guided by a television camera under development.

Atlas Copco is marketing a paint-spraying robot, the Coat-a-matic, developed from the original design by Retab, a small company which it took over. The main feature is a floppy disc memory which enables the robot to repeat exactly the movement through which the operator has taken its manipulating arm.

W.D.

Vehicle makers step up marketing drive

TRANSPORT PRODUCTS have remained a major export staple of the Swedish engineering industry. Volvo, the truck and automobile maker, is the largest company in the country with sales amounting to SKr 23.5bn ($5.62bn) during 1979. Of that amount 76 per cent was accounted for by markets outside Sweden.

Saab-Scania, the aircraft manufacturer, also has a highly profitable truck division, and ASEA, the heavy electrical engineering group, produces locomotives and cranes.

It seems improbable that Sweden, a country of only 8.3m inhabitants, could be the home base for such a large engineering industry. The quality of engineering of Swedish transport products has been their main selling point. At one time, it was argued that the Swedes had become mere order-takers, lulled by the belief that their products were of sufficient quality to market themselves.

If the claim could once be justified, it is no longer true. With stiff competition arising from lower-cost countries producing in massive series and tightening demand, the companies have become more aggressive in their marketing. These manufacturers have turned to a strategy of selling increasingly specialised products, moving toward a systems approach, and entering into joint ventures to help offset research and development costs. In many cases the result has been successful.

Saab-Scania, for instance, opened the door to the civil aviation market this year through an agreement with Fairchild Industries in the U.S. to build a new commuter aircraft. It is the first European-American partnership for construction of a complete 'plane. It is a tailor-made product for a specialised—but expanding—market.

Turbo-prop

Designated the Saab-Fairchild 340, the aircraft will be a twin turbo-prop 34-seater with General Electric CT 7 engines. The demand for this type of aircraft over the coming decade is estimated at over 2,000.

The joint venture represents a challenge to such manufacturers as De Havilland of Canada, Embraer of Brazil, Britain's Short Bros, and Commuter Aircraft Corporation, Ohio. It was also a blow to Volvo, which has an important stake in the Swedish aerospace business. Its Flygmotor subsidiary builds modified Pratt and Whitney engines for Saab's military 'plane, the Viggen.

Volvo had staked its hope on Saab choosing the Garrett TPE 331-15 turbo-prop engine, in the development of which Flygmotor purchased a 15 per cent share earlier this year. At the same time it took a 5.6 per cent holding in the Garrett TFE 731-5 turbo-fan engine, which is intended to power Boeing's new 757 airlines. (The two co-operation pacts with U.S. engine makers are costing Volvo some SKr 800m, including Government loans.)

Saab also has a joint venture with British Aerospace for the short-take-off-and-landing BAC HS 146, in which the American Avco-Lycoming and Air Italia are participating. Saab's share of the deal involves manufacture of movable wing parts.

Both the Swedish companies must continue to strike for a balance of their military production with the development and manufacture of engines for civil aircraft. The two manufacturers have scored some success in another transport area, buses, where development and production complement their major truck businesses.

Last year the Scania (bus and truck) division of Saab sold over 2,500 buses, a 24 per cent improvement from the year before. Africa, South America and other markets outside Europe accounted for a 152 per cent sales jump, although the largest market continued to be the Middle East. Volvo recorded a 39 per cent sales improvement during 1979 for its bus sales against the year before, and has concentrated on marketing entire public movement systems.

As an example, Volvo recently signed a five-year contract with the Punjab Urban Transport Corporation to develop a public transport system for the city of Lahore, Pakistan. The contract involved more than a supply of vehicles, for Volvo was marketing a complete system for the city's 3m people. The system included planning routes, frequency of services, location of bus stops and even printing the time tables. Volvo will also train drivers, administrative and maintenance staff and will help the Pakistanis to establish a company to build bodies for the buses.

A separate subsidiary, Volvo transport systems, was created to handle this growing new line of business. First-time markets for Volvo buses last year included Angola, Singapore, Taiwan and Brazil. During the year production amounted to 3,500 chassis, 1,000 more than the year before. A new chassis, the B10m, was put into production in February with over 700 orders in hand.

Trucks, however, remain the most expansive and profitable business for both manufacturers, a trend which is expected to continue. To illustrate this, Saab car sales dropped 11 per cent in the first four months of this year, while Scania trucks recorded a 13 per cent sales increase. According to the latest available figures for Volvo, their truck sales development is similar. Both truck makers are looking to markets outside Europe for future earnings.

Both are among the world's largest exporters of trucks with a total weight of more than 16 tons. Some 88 per cent of Scania sales were outside Sweden last year, compared with 86 per cent the year before. Sales in Asia increased by 96 per cent during the year, followed by Africa, with 43 per cent. Iraq was the largest Scania truck customer, importing 3,250 units in 1979.

In Tanzania, Scania has a cooperation agreement with the National Development Corporation. The truck-maker continues to rely on its plants in Latin America to provide growth, and has factories in Brazil and Argentina, where worldwide component manufacturing is carried out.

For Volvo, truck sales last year increased by 24 per cent, and 29,000 units were delivered. Britain was the largest export market, followed by France and Sweden.

Volvo has set up a deal with freightliners in the U.S. for that company to distribute Volvo trucks in North America. Truck assembly will begin in the autumn at a new plant in Brazil.

Shortlisted

In addition, Peru has shortlisted Volvo to assemble heavy trucks there under the Andean Pact agreement with Bolivia, Ecuador, Colombia and Venezuela, which aims to develop a regional motor industry. However, Volvo lost its bid for the medium-size truck project for which it was also bidding and which is expected to be allocated to Ford or General Motors.

Volvo International Development Corporation is a special unit set up at the group's Gothenburg headquarters to develop sales outside Europe and North and South America. It recently brought home a SKr 500m order for 1,600 Volvo trucks to Iraq over two years, and landed a deal in 1978 to sell 1,000 trucks to China.

Despite a reputation for quality, and specialisation into the highly selective luxury class personal car market, both Saab and Volvo have had problems with their car divisions over the last year. It is a problem shared with most other car manufacturers. But both have enjoyed some success in entering into joint ventures with other European companies.

Saab recently reached an agreement with Fiat/Lancia for jointly developing and manufacturing components without any current or planned ownership connection. It is claimed to be the first of its kind in the international automotive industry.

Volvo, meanwhile, last December signed a co-operation agreement with Renault, opening the way for the French automobile group to take a 20 per cent stake in Volvo's car business. (It has a 10 per cent share which can be doubled.)

In quite another area of the transport equipment business, ASEA has had success in selling high-speed, lightweight locomotives. Last spring Amtrak, responsible for nearly all the inter-city rail passenger services in the U.S., placed an order with ASEA for another 17 locomotives of this type.

In all, these Swedish companies seem able to compete in selling their transport equipment products abroad, but the largest obstacle to success will remain the question of cost.

Westerly Christner

Search for cheaper iron production

SWEDEN IS currently in the remarkable position of having no less than three new processes for the manufacture of liquid iron under development. They have emerged simultaneously but independently and, in the words of Mr. Hans Stickler, the man in charge of ASEA and Stora Kopparberg's Elred, they promise to "break the hegemony of the blast-furnace."

All three processes aim at lowering the costs of producing crude iron, thereby opening the way for cheaper steel. By eliminating the coking and sintering needed in the blast furnace process, they reduce both capital costs and environmental problems. They are also designed to save energy and offer greater flexibility in the type of fuel used.

The Swedes' search for a cheaper and more efficient method of producing liquid iron parallels the more advanced development of sponge iron or directly reduced iron (DRI) technology. DRI is primarily a complement to or substitute for the scrap iron used to feed electric arc furnaces. Demand for DRI is growing fast, as more and more steelmakers turn to electric arc furnaces and world scrap supplies are likely to become inadequate.

But DRI is highly energy-intensive and is at present most economical when cheap natural gas is available. Sweden has no natural gas, although a determined effort is now being made to persuade the Norwegians to supply gas from the North Sea. It was therefore logical for the Swedes to look for cheaper ways of producing liquid iron like that obtained from a blast-furnace, which can be used for making steel in an oxygen converter.

One drawback to blast-furnaces is that they need to be extremely large to produce iron economically. Even with the refinements that the Japanese have recently introduced to blast technology, an output of about 1.3m tonnes a year appears to be the minimum required.

The Swedes were accordingly looking for techniques to produce liquid iron on a smaller scale, but at a cost competitive with the massive blast furnaces of the Japanese. Sweden's special steel manufacturers do not require large supplies of crude iron. Moreover, the attraction for developing countries of a small-scale iron and steel process with a low capital investment had not escaped the Swedish companies.

Three of them—ASEA, in cooperation with Stora Kopparberg; SKF and Boliden—have independently built pilot plants based on different techniques, which all appear to live up to these specifications. Cost savings of between 20 and 30 per cent are claimed in the production of liquid iron.

But the crucial step remains to be taken. The processes have to be proved fit for commercial production in demonstration plants. In making iron, the jump from the laboratory or pilot plant to full-scale manufacturing is especially critical because of the high melting point of iron, the tendency of the iron-reducing additives to "stick," and the effects of the slag produced on the materials used in the furnaces or reactors.

Experience

Swedish metallurgists have long experience of these difficulties. Several Swedish iron and steel making inventions—the Kaldo furnace, the ASEA-Stora process for high-alloy steel—have been very successful. But failures when scaling up promising innovations have been numerous. Moreover, the risk capital required for a demonstration plant also involves a giant leap.

The Industrial Fund has set up a committee of three professors to evaluate the new techniques, while a foreign consulting firm has been engaged to examine the market prospects. But, as Mr. K. G. Bergh, director of research at Jernkontoret says, at this stage no expert could advise that investment be concentrated on one of the processes without running the risk of misjudging the potentialities of the other processes.

The companies in any case do not appear to lack offers from steel manufacturers abroad to help finance development. American and Japanese companies in particular have shown interest and all the Swedish companies express determination to put their new processes to the test.

ASEA claims that the ELRED method which it has developed jointly with Stora Kopparberg is furthest forward.

ELRED is a two-stage process, the first entailing pre-reduction in a reactor of fine-grained iron ore concentrate and dust coal, the second involving the final reduction to liquid iron in an arc-furnace at 1,450 degrees Centigrade.

The ELRED method resembles an enclosed system. Slag and flue gases are the only waste products. The gases used for reducing the iron are generated within the reactor, eliminating the need for a separate gas reduction plant. The gases are also used to drive turbines, producing not only sufficient electricity for the processing of the iron but also providing a small surplus. This is said to be a significant factor in reducing costs.

Coal is the only energy source and almost any type of coal may be used, it is claimed.

The steel division of SKF, the bearings group, has adapted plasma technology to iron making. Plasma is the state of ionisation to which gases are transformed when heated to very high temperatures. Plasma generators were developed during the U.S. space research programme to simulate the temperature conditions which would face the nose cones, heat shields and rocket nozzles of space capsules.

Using plasma generators, SKF Steel has developed two metallurgical reduction processes. PLASMARED reduces the amount of energy needed to make DRI and allows greater freedom in choosing other energy sources than gas, for instance coal. SKF is already building a 70,000-tonne PLASMARED plant to produce sponge iron for its Hofors mill and reports "tremendous interest" from abroad.

Its second method, Plasmasmelt, is a two-stage process like ELRED, producing liquid iron. It is claimed to entail a capital investment for a given capacity of less than half the investment in a blast-furnace and to produce hot metal economically at outputs of only 250,000 tonnes a year.

SKF has conducted trial runs of this process with 0.5 megawatt and 1.5MW Plasma generators. The next step planned is to build a half-scale plant of 15 MW and with a capacity of 60,000 tonnes liquid iron or ferro-alloys a year at the Hofors mill.

Boliden, the metals and chemicals group, claims that its INRED system will be the cheapest measured in total costs per tonne of iron. It has been developed from flash-smelting techniques used in producing metals and was originally designed to make liquid iron of good quality from fine grained pyrite cylinders containing several impurities.

It too is a two-stage process and needs only solid fuels, such as coal. It comprises a steam generating system with an integral flash-smelting chamber, an electric furnace and a power plant combined with an oxygen plant. Finnish boiler-making skills have been applied.

Boliden has produced 250 tonnes of hot metal in a pilot plant which reached a capacity of three tonnes an hour. It now plans to go ahead with a demonstration plant capable of producing eight tonnes an hour, according to Mr. Torsten Jensfelt, the research director. This plant will be used to test other applications for the process.

W.D.

Total steelmaking costs in $/tonne

Cost comparison of ASEA's and Stora Kopparberg's ELRED process with current steel production methods

	Blast furnace (sinter)	ELRED	Shaft furnace (sponge iron)
Iron raw material *	51.6	33.5	60.0
Energy †	54.4	16.8	47.6
Processing ‡	37.5	38.0	51.6
Capital costs §	39.0	45.7	44.3
Unforeseen costs	—	11.0	—
Total steelmaking costs, $/t	182.5	145.0	203.5
Relative total costs as a percentage	100	80	112

* Concentrates and pellets, respectively, alloying elements, cooling pellets, scrap.
† Coke, coal, oil minus energy credit plus electricity in steel mill ($18/t)
‡ Labour (operation, repairs and maintenance), electricity, electrodes, lime, oxygen, refractories, desulphurising (for ELRED).
§ For the ironmaking and steelmaking plants.

Source: ASEA

Building offshore oil equipment aids shipyards

SINCE 1974, Sweden's shipbuilding industry has suffered *an almost* continuous decline, as the worst slump for world shipping in at least half a century proved to be more than just part of an expected periodic three- to four-year cycle. It has been an especially bitter pill to swallow for the country's private shipyard executives who, in the late 1960s, could boast that Sweden had total orders second only to Japan.

Today this now-nationalised industry can finally see some improvements. This has come about largely because of the *shift* away from the building of traditional types of vessels (including oil and product tankers) for stock, and the steady expansion of what politicians call "alternative production." They claim this category includes offshore structures such as oil rigs, accommodation platforms and floating prefabricated processing plants.

Many shipyard executives, however, say there is nothing unconventional about offshore industry production and tend to shy away from the great claims associated with the word "alternative." Many are questioning whether the yards can survive as a whole on the basis of this new brainchild: certainly the going has been tough until now.

During the last three years, the non-Socialist coalition Government has spent over SKr 15bn ($3.6bn) to keep the shipyards operating. Even so, the workforce has been cut back by at least 9,000 during this period. Increasingly the trend has been to maintain some permanent staff and to hire extra workers on a project basis.

Refinancing

Svenska Varv still lost SKr 5bn over the last three years, several major loans had to be refinanced, and the group is not expected to show a profit before the middle of this decade. A shipowning company within the group, Rederi Ab Zenit, which was originally started by the Gotaverken shipyard group in 1932, has taken over at least 25 vessels in which Svenska Varv had interests.

As a result of a far-reaching Riksdag (Parliament) Bill passed last Spring, Svenska Varv received what was said to be the last aid available. The Government contributed Skr 3.2bn towards the further restructuring of the yards' activities, with a promise from the group's management that yards which were kept open would again be operating at a profit by 1985.

The present workforce of 19,000, even with "alternative" production, will be cut back to 11,000 between 1980 and 1984. State subsidies of various forms are also due to be withdrawn gradually, and completely phased out by the end of 1983.

Of the SKr 3.2bn aid, SKr 1.45 bn has been earmarked for the closure of Oresundsvarbet AB—the only major industry in the town of Landskrona—and of the small AB Finnboda Varf, a Stockholm repair yard. The Government admits, however, that it does not actually know how much it would take to cover these shutdowns, if and when they come about.

Both yards are still in operation. During the Spring vote, the Riksdag defeated a proposal by Mr. Nils Aasling, the Industry Minister, to close Oresund, by a margin of only two votes.

According to the Bill, Kockums is now supposed to concentrate on the production of gas and chemical carriers and pre-fabricated processing plants, including modules for them. Gotaverken Arendal AB, in Gothenburg, will continue with products for the offshore industry and will co-operate with Kockums on developing pre-fabricated plants and modules.

Uddevalla is to specialise in the output of tankers, bulk carriers and unitised cargo vessels. And Gotaverken city yard in Gothenburg will continue as a dry dock/repair yard. In all, SKr 800m was designated in the Bill for product development—an amount said to be modest for covering the 1980-1984 period.

The two yards geared to new types of production, Kockums and Arendal, now say their expertise is sufficient to develop many projects without outside engineering and other technical advice, although some experts are willing to debate this point. Orders are co-ordinated through Swedyards Development Corporation, the group marketing unit (which has also received a portion of the development money). The yards also have the advantage of being able to cover contracts within a State-owned group.

"Traditionally business has been transacted between private companies but now, with more of the developing countries becoming customers, the trend may be towards more state-to-state deals," says Mr. Per Dahlgren, marketing manager *for Kockums' vessels division.*

The division has received no orders to date, however. The yard's main problem in moving into new lines of business is the difficulty of penetrating specialised markets and of proving to potential clients the order can be handled without specialised experience.

Two years ago the vessels division won an order from the Panamanian subsidiary of a Lebanese company, Libexim, for three cement distribution barges. The contract was secured on a private basis by *Kockums.* But the yard's only other so-called alternative production order—a very large contract estimated to be worth between SKr 1.5bn and SKr 2bn for an ammonia/urea plant for the Pakistan Ajman fertiliser corporation—has been hamstrung by financing difficulties.

On the other hand, Arendal seems to have penetrated at least one new and expansive market: the offshore industry.

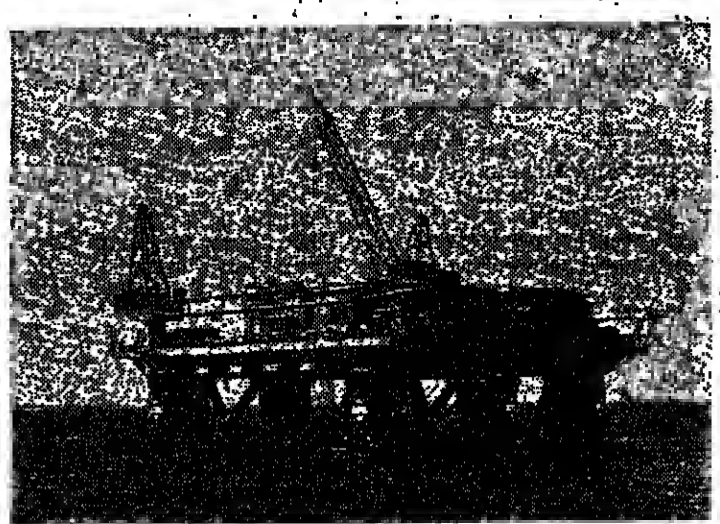
The yard is the Swedish licensee for Friede and Goldman, a New Orleans-based engineering firm, to produce it's Pacesetter drilling rig. It is claimed to be superior to the H3 rig produced by the Norwegian Aker group because of its greater loading and security capacity.

To penetrate the Norwegian offshore market more thoroughly, Arendal has just signed a technical co-operation agreement with Framnaes A/S. in Sandefjord. This company has produced other variations of the Pacesetter rig, also on licence from Friede and Goldman.

Arendal has had success in other areas of offshore production. Two years ago it received its first order for two accommodation platforms, delivered to another Gothenburg-based company, Consafe Offshore. Later another platform order was secured from the firm with an option for a fourth. The yard also has two separate orders for jack-up rigs.

With the present backlog of orders, Arendal can ensure full employment through 1982. It appears that this yard at least will be able to compete successfully with continental Europe, America and the Far East.

Westerly Christner



The Gotaverken Arendal yard has produced such specialised offshore units as this accommodation and multi-service rig, for North Sea employment, delivered in June

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley, HA9 8DJ.

How Work Disrupts Private Lives. F. Bartolomé and P. A. L. Evans in Harvard Business Review (U.S.A.), March/April 1980: p. 137 (12 pages)

Based on a survey, finds that executives whose private lives deteriorate are subject to work-related negative emotional feelings which spill over into family and leisure time; offers suggestions for managing "spillover," and looks at the role of the organisation in reducing work pressures.

How Multinationals Cope With Host Government Intervention. Y. L. Doz and C. K. Prahalad in Harvard Business Review (U.S.A.), March/April 1980: p. 149 (9 pages, chart, table)

Identifies ways in which host governments are increasingly limiting the strategic freedom and threatening the managerial antonomy of multinationals, and discusses how they can respond to such restrictions; examines the sources of bargaining power available to both parties, and suggests organisational adjustments multinationals can make to co-ordinate their responses and maintain flexibility of aetion.

Office Antomation. T. M. Lodahl and N. D. Meyer in Administrative Management (U.S.A.), March 1980: p. 32 (5½ pages)

Defines various pathways to office automation, each seen as a starting point for information procedure change — e.g., text handling, filing and retrieval, telecommunications, and decision support schemes — and outlines their advantages and disadvantages.

Holidays for Managers. R. Finder in Manager Magazin (Fed. Rep. of Germany), April 1980: p. 66 (8 pages, in German, English version available)

Investigates the extent to which — over recent years — the managerial privilege of longer holidays has heen eroded, and asks what can be substituted (with some factual examples). Stresses the growing number of managers who cannot or will not even take the holiday they are entitled to.

Warning: paperwork can damage your health

In the first of two articles on the use and misuse of information, Lionel Wardle argues for a radical reappraisal of existing systems

TOO MUCH paperwork makes managers and organisations tired, sluggish and inefficient. Just keeping it circulating can absorb up to 50 per cent of the available time and energy.

The symptoms are usually apparent to all: the overflowing in-tray, the number of memos, reports and other documents to be written and read, the amount of paper to be handled to do even a simple joh.

Less well understood are the causes of excessive paperwork and the debilitating effect it can have on performance.

Managers complain about paperwork but they do so in a way that suggests it is endemic to the job. It is as though they believed that somewhere the "Great Spirit" had ordained that they should be afflicted in this way. It's a price to be paid for the lascivious pleasures they enjoy; a thing to be suffered and endured rather than changed. Their attitudes in this are remarkably similar to those of a primitive tribe plagued with a chronic ailment.

The main difficulty in persuading management to tackle the disease lies in convincing them that it is serious, that it would he in their interest, and profitable, to devote resources to solving it, and that it can be cured.

Many managers attributa excessive paperwork to the behaviour of individuals, for example, to the man who produces paperwork to cover himself in case anything goes wrong, the type who believes that his performance assessment will depend on the volume of paper he produces, or the individual whose motto seems to he "if it's in writing, it's important."

Although this explanation is attractive to management, since it shifts the hlame elsewhere, it won't do. Individual behaviour accounts for only a small part of the paperwork problem and the explanation confuses symptom and cause.

There are three factors which account for the bulk of unnecessary paperwork. The first is the use of systems and procedures for getting work done which are neither efficient nor effective.

A good illustration of how an ineffective system can generate paperwork has been provided by Marks and Spencer. When assistants wanted to re-stock their counters they had to write out in triplicate a requisition for the goods they required. They would then queue at the stock room with other assistants to obtain the goods they needed. It was only when the chairman went round some of the stores and found frustrated customers waiting to be served that the objectives of the exercise were queried.

The system had heen introduced to monitor and control stocks and reduce pilferage. A new system was introduced wherehy assistants simply went to the stock room and helped themselves to the goods they needed. As a result of the change not only did the company get rid of a warehouse full of documents, they also saved themselves a lot of money. (Stock control was carried out hy the area manager and the assistants themselves).

Using paperwork to control or supervise operations is a second factor that accounts for much unnecessary papar-work. For exomple, following an incident which resulted in a generator heing hurnt out, engineers were required to make daily measurements and records of the condition of the insulation on all electrical plant.

To ensure that they were carrying out their duties as reqoired they were told to send the data to the office at the end of each month for review hy tha manager. For three years 25 engineers spent their time compiling thousands of pieces of data which provided little or no information.

Stand trial

This example points to a similar source of unnecessary paperwork: those systems set up in response to one-off situations which are allowed to continue long after their original purpose has disappeared.

Given the other calls on a manager's time, it may seem unrealistic to say that all paperwork systems should stand trial for their lives at least once every five years. But you can choose. You can either spend a lot of time pushing paperwork around, or you can spend some time cutting it down to size. One thing is certain: left to itself it just continues to grow.

Underlying most other sources of unnecessary paperwork is the confusion of data with information. Data only become information when the manager can use them for making decisions or guiding a course of action in relatioo to the objectives he wishes to achieve.

An example of how data aod useful information can be confused is provided hy a company's overtime mooitoring and control system. The main objective of the system was to ensure that any overtime worked was cost effective. So data was collected on the amouot of overtime worked and the cost of the overtime, with time sheets, weekly and moothly summaries, details of how much overtime was worked hy individuals, sections and departments, including when the overtime was worked and what the work was.

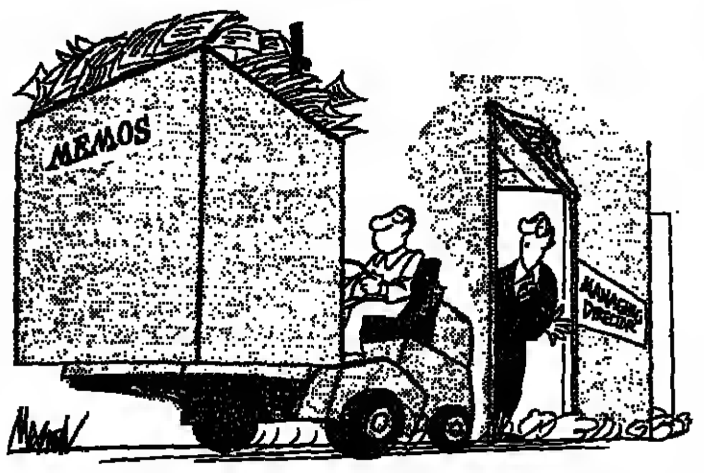
Despite all this data the company still could not say whether or not overtime was cost effective. It had no information on what the overtime achieved.

Another case illustrates a different aspect of the prohlem. This relates to the collection of data on boiler water quality. Engineers were required to check and record on a daily hasis the level of impurities in the hoiler water. If the permitted levels were exceeded then the effects were neutralisd hy adding chemicals. Each month this data bad to he collated and sent to management for review.

Following the review the managment then sent it to a firm of boiler water specialists for a second review. In all, some 10,000 pieces of data were collected and reviewed in this manner each year. After the system had heen operating for a number of years the question was raised as to the information obtained from this data. In other words, what use was made of it? The system was discontinued.

The ready availability of computers will increase the temptation to collect masses of "interesting" hnt useless data. The only way to suppress this magpie instinct is to keep asking questions like "How will you use the data?" "What would happen if you did not get it?"

There are several tests a business or organisation can apply to determine whether or not it has a paperwork problem. A simple one is to establish how many letters, cahles, photocopies or other forms of written communication pass in and out each week. Assume that it takes two minutes to read each cable or photocopy and 10 minutes each to read and reply to a letter. Calculate the total manhours spent on these activities. Then, depending on the nature of your husiness, you can decide whether or not you have a problem.



Another method which is quite effective is for the chief executive to ask for a copy of every form or document that is handled hy his staff in a given week. With it all piled up on his carpet he won't need anyone to tell him whether or not he has a paperwork prohlem.

A well designed programme to reduce paperwork should pay for itself several times over solely in terms of the manhours it saves in reduced handling and processing. This may seem to he a hold claim hut it is justified hy practical experience.

But more important than the money to be saved is the henefit to he gained in creating the opportunity for staff and management to work more effectively on the things that matter. When a manager is up to his hackside in paperwork it's easy for him to lose sight of the essentials and to confuse the urgent with the important.

The benefits to be gained by being ahle to work more effectively are well illustrated by a study carried out in a shipping company's purchasing department. It was found that despite the fact that the purchasing staff were highly committed and hard working, the average time taken to process an order from start to finish was two and a half months at a rate of one order per hour. With requisition forms, quotation letters, plus invoices, each order involved 17 pieces of paper. Transactiona were recorded in four different books and processing an order could take as many as 35 action or decision steps. The cost of placing an order amounted to £10.

The department operated almost entirely on order-placing rather than a buying function. Little or no time was spent on such things as appraising the performance of a supplier, negotiating terms, or seeking alternative sources of supply. A new system was introdnced which reduced the department's workload and paperwork hy more than two thirds, with consequent savings of some £100,000 per annum.

From the line managers' point of view there have been three main gains: orders are now processed in a matter of days or even hours; staff are more likely to get the goods they need with a minimum of progress chasing; and they are more confident that they are buying goods at the hest prices obtainahle.

The well-intentioned manager who establishes a paperwork slimming programme frequently thinks in terms of a cost cut across the hoard of 20 per cent, or some such figure. If he does this, staff will concentrate on trying to make the existing system work better, rather than trying to find better ways of doing things. Inside 12 months ha will be back where he started.

The crucial step in bringing about real and lasting improvements in paperwork systems is first to determine why they exist and what they are supposed to do; then to establish that those objectives are valid; and finally, to determine from first principles the most effectiva method of achieving those ohjectives.

This is an exercise that some managers and members of staff may find painful. It involves challenging assumptions about things they have been doing for years. It may well find that some of the work they do is ineffective or serves no useful purpose. People do not take kindly to those who produce such revelations. This is just one of the reasons why active support of senior management is vital if the programme is to succeed.

Given that you have the ahility to work in a systematic and disciplined manner and have a reasonahle level of diagnostic skill and knowledge, it is not hard to find better ways of doing things. Many paperwork systems were never rationally designed, they just grew. The difficulty comes in persuading people to accept proposals for change.

Gettiog changes accepted requirea careful planning, presentation and hard work. They are unlikely to he accepted simply because they are logical and reasonahle. A rule of thumb which has heen found useful is that if it takes fonr hours to establish information on a system, then it will take double that time to carry out an analysis and four times as long to get any proposed changes eccepted.

Honesty works

There are several things that can be done to help people develop more positive attitudes to change.

Above all, be honest about what you are doing. As Rohert Townsend puts it in his hook *Up the organisation*, "honesty really works." If the programme succeeds as yon intend, then you will prohahly reduce the workload hy 20 per cent or more. This means redeployment and possihly redundancies. Unless you have plans to deal with those problems you are unlikely to get co-operation.

Try to show success early in the programme by eliminating some of the more obvious cases of unnecessary paperwork; this helpa to establish credihility.

Involve staff in the programme as much as possible. Get them to draw flow-diagrams of how the existing system operates, and ask for their ideas on how things might be improved. Some of the best suggestions come from people who are closest to the action. If you can reach the point where they are claiming all ideas and proposals as their own, the programme is going well.

Provide training, so that they are in a better position to contrihute and understand what is happening. For example, run seminars and workshops on improving organisational and husiness effectiveness, on effective delegation, on methods of eliminating paperwork and on developing better systems of working.

In short, if paperwork is damaging the health of your organisation you will need to convince staff and management that a cure is necessary and that the results will not be worse than the disease.

The examples quotad in this article underlina that a programme which is ostensibly concerned only with paper is a surprisingly incisive and powerful tool for identifying unnecessary work and improving the overall effectiveness of an organisation.

Many organisations are now actively considering installing new computer systems. If they carried out a paperwork slimming programme and cleared up their manual systems before hand they would save themselves a lot of time, money and aggravation. Many would find they do not need a compnter at all, or at least not a sophisticated one.

Whether or not a company has a paperwork prohlem is something each management mnst decide for itself. But it is only fair to point out the risks involved in the treatment. What would you do with your time if 50 per cent of your paper work was eliminated?

Dr. Lionel Wordle, on occupational psychologist, is a partner of Wordle ond Wordle, a monogement and personnel services consultancy (37, University Road, Highfield, Southampton).

Raising the banner of dry revolt

BY ANTHONY HARRIS

WITH UNEMPLOYMENT past 2m and rising fast, profits collapsing and daily closure announcements, one might well expect the Government to come under increasing pressure from the critics Mrs. Thatcher usually denounces as "wet"—the unreformed Keynesians who would like to see policies relaxed to allow industry a breathing space. Yet remarkably little has been heard from these people in recent weeks—that line of argument has been taken over by the trade unions and the Labour party.

Sinister

That does not mean, however, that the Government is not being criticised by some of its natural supporters. On the contrary, criticism is becoming a great deal less inhibited than for a long time; but it is coming from a different quarter. Some of the most enthusiastic supporters of the Government's professed strategy are beginning to announce their disillusion with the way it is being carried out. Mr. Enoch Powell call for higher taxes. In the City there is some sinister work going on as various gurus, back from their holidays, polish and sharpen the circulars which will explain What Went Wrong.

This "dry" school of criticism does share one worry with the wets—a worry about the excessive pressure on industry. But where the wets used to accuse the Government of being too rigid, the dry explain the trouble in just the opposite way: the Government has not been determined enough.

The figure which has produced this change is not the one for unemployment, but another which seems to be rising almost as uncontrollably—the money supply. The monetary explosion, even if it is only a statistical explosion, has outflanked the wets in a rather unexpected way. It is simply not plausible any more to argue that our troubles are due to excessive monetary severity. Indeed, with the building societies seeking borrowers for £50,000 loans, and the credit card companies raising credit limits routinely, without even waiting to be asked, it is equally hard to argue that credit is tight. It is simply fairly expensive.

There is no room in this column to bore readers with another run through the economic arguments. I have recently put forward some broadly dry arguments of my own, but we drys are not a united school; when you get down to details, there are almost as many factions as among the Afghan rebels. However, there are certain common themes by which you can recognise a dry when you read him. Here are a few:

● The Bank of England is very unpopular with drys. This applies especially to its interventions in the money markets in the past few months—the fashionable phrase is "lender of first resort" — and more generally to its conservative attitudes on longer-term questions. There is some division about whether the bank is a Machiavellian-Keynesian fifth column of great subtlety and determination, or just bumbling.

● Drys don't like the official Green Paper on monetary control either. The statistical debacle in July has revived all the arguments about monetary base.

● "Crowding out" is also coming back into fashion as a dry term. It comes up, rather confusingly, in discussions of the balance of payments as well as the financial markets.

Passionate

The general conclusion of all these arguments is that the Government has got the worst of all worlds (a good general purpose accusation) by making only half-hearted efforts to achieve monetary control—"Their monetarism is only skin deep" is a good dry way to put it.

The fascinating question of the next few weeks is whether this attack from the Right flank is going to find the Government vulnerable, or immovable. The drys hope that the Iron Lady will now show her mettle by turning from official advisers, who have got her into a mess, to her friendly critics to discover how to be really ruthless—especially since they argue that effective monetarism would hurt much less than muddle. But cynics half expect to find her glued to the middle of the road.

Claret calls for conversation

WINE

BY EDMUND PENNING-ROWSELL

TO THOSE not committed to drinking claret, it may often seem a wayward, unreliable wine. Not only do bottles of the same wine and vintage appear to vary—and more, I am inclined to think, than with burgundies from the same source or Rhônes—but no one is very sure how most young vintages and many immature wines are going to develop. Perhaps that is why Dr. Johnson consigned claret to boys, who even if they drank it would scarcely notice the condition of the 18th-century red Bordeaux.

On the other hand, it is this unevenness of development along with its great variety, that attracts so many serious wine drinkers, particularly in Britain and the U.S. These qualities lead to discussion. Whereas it is just possible to drink burgundy in silence, claret calls for conversation.

Interest

Naturally, it is the more recent vintages that arouse the greatest all-round interest, since there are those who may still be hesitating as to whether to buy them, or add to their acquisitions; or even wondering whether they should open a bottle here and there. Consequently, as three extensive tastings in London have recently provided opportunities to look at the 1976, 1977, 1978 and 1979 vintage clarets, some comments on the wines shown may be of interest.

The chief 1976 tasting consisted of almost 50 classed-growth clarets, and this was followed a few weeks ago by a tasting of 10 Médocs brought over by representatives of the growers, under the auspices of Food and Wine from France. The main impression retained is that this is a very variable vintage, until 1979 the largest in the post-war period. The *petits châteaux* and even some of the *crus bourgeois* and the *crus classés* tend to be light in colour and body for their age. They have the virtue of being readily drinkable, the defect of unlikely to be long-lived. The "small" wines from the châteaux that most of us have never heard of make acceptable bottles now, but those who look to the future need to be more selective.

Some well-known estates made surprisingly thin, light wines. They may have been unlucky at the vintage, when the weather was variable after an unusually early start. Those who delayed picking until the second half of September will have faced heavy rain. Another reason for light wines may have been a failure to prune severely enough.

As far as my experience goes, no one made the tough, tannic wines of the previous year, but several were surprisingly full-coloured, including all the first-growths (save Margaux which was not included). My favourites were Lafite (not a big wine but beautifully balanced), Haut-Brion (typical red Graves, also not big-bodied) and Pétrus (surprisingly big for a vintage in which the right-bank wines were generally less successful than the Médocs and Graves). Mouton-Rothschild was a big wine too, but more forward than Latour, as usual very close-up, but not necessarily any the worse for that. The other Graves tasted were rather disappointing, except for La Mission-Haut-Brion, a very big wine for the year, with lots of body and fruit.

Of the other communes' wines, one can do little more than list those that stood out: in Pauillac, Pichon-Lalande and Haut-Batailley; in St. Estèphe, Montrose; in St. Julien (apparently particularly successful), Léoville-Las-Cases and Barton, Beychevelle, Langoa and Branaire-Ducru; in Margaux and other South-Médoc communes, Palmer (not big, but very well balanced), Giscours, La Lagune and Rausan-Ségla (light, oaky-nosed but attractive); St. Emilion, Figeac and Larcis-Ducasse. The Pomerols seemed very light.

Sichel, demonstrating that it does not exist solely on the earnings of Blue Nuns, showed an interesting range of 14 '77s and 17 '78s. It is being put about that the '77s are turning out surprisingly well, and this may be so, but it is also true that the '77s are just about the only vintage held for sale in Bordeaux in any quantity, except for '79. Yet they mostly showed very light, thin and lacking in fruit at Sichel's tasting. Exceptions were La Tour-St.-Bonnet, Camensac, Chasse-Spleen (now generally making a careful selection of their vats. At this tasting well-coloured, fairly forward wines were shown by the bourgeois, La Tour-de-By, Fourcas-Dupré, Les Ormes-de-Pez and Hortevie.

The '78s were much more impressive, though neither the Graves nor the St.-Emilions or Pomerols were represented by very important wines. The Médocs had big colour, plenty of body and were generally backward, sometimes even green. They were also represented at a tasting of the last three vintages given by the distinguished Bordeaux house of Nathaniel Johnston. Its '78s were lesser wines, but two that showed well were La Tour-de-By and Potensac, both from the Bas-Médoc.

At Sichel's the Chasse-Spleen again stood out for colour, aroma and body; and other attractive wines were La Lagune (very oaky in bouquet) and Lynch-Bages. Both the Léoville and Langoa Barton were very closed-up and rather green at the moment. No doubt '78 is a vintage to buy and put aside, for how long no one can confidently say.

Nathaniel Johnston showed no fewer than 29 '79s, from *petits châteaux* to second-growths. The former were rather light, and one suspects that in this record vintage many of the lesser growths made more wine than they should have done, whereas the more cautious bourgeois and classed growths pruned heavily or made a careful selection of their vats.

Among the St.-Emilions Pavie and L'Angelus had good colour and were fairly forward, but the Médocs impressed most, especially the St.-Juliens: the trio of Léoville-Las-Cases, Beychevelle and Ducru-Beaucaillou came out as elegant wines with a good deal of style, particularly the first two. So did the Pauillac Pichon-Lalande, which is almost a St.-Julien.

The Graves were thinly represented, but Haut-Bailly showed well for colour and balance. The '79s brought over by the Médoc visitors were too few to be representative, but the good colour, always an encouraging sign, was noted.

Selection

Merchants here are beginning to offer these '79 clarets. Everything will depend on their skill in selection, in what must be a much more variable year than 1976, whose superior wines should certainly turn out better. Whether consumers should buy them now will depend first on their stocks of earlier vintages, and secondly on the view taken on the 1980 vintage, now not far off. From reports so far, one can scarcely be optimistic, but a fine autumn could save it, as it did with '74 and '78. However, '79 was such a big vintage that there can be no shortage, though the nagging question persists as whether the more successful wines in every category will still be available a year or two hence. That is another of the hazards connected with claret.

Only for the real gamblers

RACING

BY DARE WIGAN

WITH THE Doncaster St. Leger meeting scheduled to begin tomorrow, few people, I imagine will risk money betting on moderate horses at today's three meetings at Pontefract, Carlisle and Folkestone.

Of the three, Folkestone probably provides the best opportunities for compulsive gamblers, for Peter Walwyn has despatched Sacrilege and St. Osyth to the Kent coast to contest the Winchelsea Handicap (2.45) and the Battle Maiden Fillies' Stakes (3.45) respectively. Both appear to be of better class than their opponents.

There is the prospect of an entertaining contest for the Rye Amateur Riders' Stakes (4.15) between Cettoni, ridden by Miss Franca Vittadini, and Port Aransas, partnered by Mr. A. J. Wilson. Miss Vittadini is, arguably, the most proficient of our lady riders; and Mr. Wilson is a hard man to subdue, as witness his sterling effort on Lumen when narrowly beaten by Mr. Tim Thomson/Jones and No Bombs in the Moet and Chandon Silver Magnum Stakes at the Epsom Bank Holiday meeting.

My guess is that he and Port Aransas, who, in addition to winning over the distance at the last meeting here, was runner up to Gift Wrapped in the Johnnie Walker Oaks Trial at Lingfield in May, will come out the better.

Earlier in the afternoon Rabdan, who deserves a change of luck following two close seconds in good-class company, looks like providing the answer to the Hawkhurst All Aged Stakes (2.15).

At Pontefract, Spindrifter, winner of ten races in succession until outclassed by Tina's Pet at Ripon a fortnight ago, is liable to be beaten again, this time by Cavalry Twill from Michael Stoute's Newmarket stable, in the Junior Stakes (2.45). Cala Ratada, a grey filly by Dancer's Image, will, I imagine, disappoint connections if she fails to win the Fern Hill Stakes (4.15).

PONTEFRACT
2.45—Cavalry Twill
4.15—Cala Ratjada***
4.45—Shuffling
5.15—Joyous

CARLISLE
2.30—Miss St. James's
3.30—Middleham Boy
4.00—Dixielander

FOLKESTONE
2.15—Rabdan
2.45—Sacrilege**
3.45—St. Osyth*
4.15—Port Aransas

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency). 12.45 pm News. 1.00 Pebble Mill At One. 1.45 Trumpton. 3.20 Trem. 3.53 Regional News for England (except London). 3.55 Play School (As BBC 2 11.00 am). 4.20 Hong Kong Phooey. 4.40 Play Away. 5.05 John Craven's Newsround. 5.10 Stopwatch.
† 5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 The Tuesday Film: "Climb An Angry Mountain," starring Fess Parker.
8.35 Wildlife On One.
9.00 News.
9.25 Fair Stood the Wind for France.
10.20 The Miracle Workers.
10.50 Invitation to the Dance: "The Firebird," music by Igor Stravinsky, choreography by Maurice Bejart, danced by the Ballet of the 20th Century.
11.20 News Headlines.
11.22 Juliet Prowse and Company.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—1.45-2.00 pm Heads and Tails. 5.10 Bilidowcar. 5.35-5.40 Yr Awr Fach Fach. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20 Gair I Gall. 7.45-8.35 The High Chaparral. 12.05 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.05 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (As BBC 1 at 3.55 pm).
4.50 pm Open University.
6.55 The Concert Party.
7.25 Mid-Evening News including sub-titles.
7.35 Roots of England.
8.05 My Music.
8.30 Top Gear continues its look into the future of road transportation.
9.00 Butterflies.
9.30 The Best of Not the Nine O'Clock News.
10.00 Oostende 333.
10.15 Leap in the Dark.
10.45 Newsnight.

LONDON

9.30 am The Wanderer Butterfly. 9.50 Tatters. †10.40 Yesterday's Witness. 11.30 The White Stone. 11.55 Mr. Magoo. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Here Today. †2.25 Tuesday Matinee: "The Straw Man," starring Dermot Walsh. 3.45 Food, Wine and Friends. 4.15 The Sooty Show. 4.45 The Square Leopard. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Cooper's Half Hour.
8.30 Arthur C. Clarke's Mysterious World.
9.00 Born and Bred.
10.00 News.
10.30 D. H. Lawrence as Son and Lover.
11.30 Guinness Golden Darts.
12.00 Barney Miller.
12.25 am Close: Robert Rietty with readings for Yom Kippur.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am Who's Afraid of Opera. †10.05 Tuesday Morning Film: "Carve Her Name with Pride," starring Virginia McKenna. 11.55 Cartoon Time. 12.30 pm The Riordans. 1.20 Anglia News. 2.25 Poetry of Landscape. 2.45 Chopper Squad. 6.00 About Anglia. 7.00 BJ and the Bear. 11.30 Fireside Theatre. 12.30 am Minor Meditations.

ATV

9.45 am *I Am Fijian.* *10.15 Morning Cinema:* "Ferry to Hong Kong," starring Curt Jurgens and Orson Welles. 12.30 pm The Riordans. 1.20 ATV News. †2.25 The Tuesday Movie: "Miss Robin Hood," starring Margaret Rutherford, Richard Hearne and James Robertson Justice. 6.15 Struck by Lightning. 6.00 ATV Today with ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 11.35 Baretta.

BORDER

9.35 am Who's Afraid of Opera? 10.00 Treasures in Store. 10.25 World Worth Keeping. 10.50 Portrait of the Artist. 11.05 Tarzan. 1.20 pm Border News. 2.25 Tuesday Matinee: "Pioneer Woman," starring Joanna Pettet. 6.15 Survival. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Love Thy Neighbour. 11.30 KAZ. 12.30 am Border News Summary.

CHANNEL

12.30 pm *The Riordans.* 1.20 Channel Lunchtime News, What's On Where and Weather. 2.25 TV Movie: "And No One Could Save Her." 5.15 Doctor Down Under. 6.00 Channel Report. 7.00 Dartmoor. 7.30 Plymouth Rock (Elkie Brooks). 10.28 Channel Late News. 11.30 Paris. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 9.30 The Human Face of China. 10.00 Treasures *in* Store. 10.30 A World Worth Keeping. 10.55 Portrait of the Artist. 11.05 Chopper Squad. 12.30 pm The *Riordans.* 1.20 North News. 2.25 Tuesday Matinee: "Terror on a Train," starring Glenn Ford. 6.00 North News. Farming News. 6.15 Fanglace. 7.00 The Electric Theatre Show. 7.30 Doctor Down Under. 11.30 Reflections. 11.35 Wilderness Alive—Australia's Deep North. 12.30 am North Headlines.

GRANADA

9.30 am The Flintstones. 10.00 Vikings in the Sunrise. 10.45 Cartoontime. 11.00 Sesame Street. 12.30 pm The Riordans. 1.20 Granada Reports. 2.25 Tuesday Matinee: "Dangerous Mission," starring Vincent Price. 5.16 Diff'rent Strokes. 6.00 Granada Reports. 6.30 This Is Your Right. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 11.30 The New Avengers.

HTV

†10.00 am Tuesday Morning Movie: "The Winslow Boy," starring Robert Donat. 12.30 pm The Riordans. 1.20 HTV News. 1.30 Against the Wind. 2.25 *The Tuesday Matinee:* "East of Sudan," starring Anthony Quayle. 5.15 Cartoontime. 5.20 Crossroads. 6.00 Report West. 6.30 Definition. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 10.28 HTV News. 11.30 The Practice.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Fleiabalm. 4.15-4.45 Sbordun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-12.10 am Ffilmiau'r 70.

SCOTTISH

9.30 am Lucerne, A Town Like You and Me. †10.05 Feature Film: "Heavens *Above,*" starring *Peter Sellers.* 11.55 The Bubblies. 12.30 pm *The Riordans.* 1.20 News and Road and Weather. 2.25 "The Girl Who Came Gift Wrapped." 5.15 What Happened Next? 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 Doctor Down *Under.* 11.30 Late Call. 11.35 Paris.

SOUTHERN

9.30 am On Seven Hills They Built a City. 10.00 "Final Eye," starring Donald Pleasence. 11.30 Lost Islands. 12.30 pm The Riordans. 1.20 Southern News. 2.25 "Call Her Mom," starring Connie Stevens. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Three's Company. 11.30 The New Avengers.

TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 *The History of the Motor Car.* 10.00 George Hamilton IV. 10.30 The Dionne Quintuplets. 1.20 pm North East News and Lookaround. †2.25 Tuesday Matinee: "Double Cross," starring Donald Houston and Fay Compton. 5.15 Diff'rent Strokes. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 *Emmerdale Farm.* 7.30 Survival. 10.30 North East News. 11.30 The New Avengers. 12.25 am With Best Wishes.

ULSTER

9.40 am Spiderman. 10.00 Treasures in Store. 10.25 A World Worth Keeping. 10.50 Portrait of the Artist. 11.05 Chopper Squad. 1.20 pm Lunchtime. 12.25 Tuesday Matinee: "Miss Robin Hood," starring Margaret Rutherford and James Robertson Justice. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 Hotspot. 10.28 Ulster Weather. 11.30 Gardening Today. 12.00 Bedtime.

WESTWARD

10.00 am Treasures in Store. 10.25 A World Worth Keeping. 10.50 Portrait of the Artist. 11.05 Chopper Squad. 12.30 pm The Riordans. 1.20 Westward News Headlines. 2.25 TV Movie: "And No One Could Save Her." 5.12 Gus Honeybun's Birthdays. 5.15 Doctor Down Under. 6.00 Westward Diary. 7.00 Dartmoor. 7.30 Plymouth Rock (Elkie Brooks). 10.31 Westward Late News. 11.30 Paris. 12.25 am Faith for Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am The Coral World. 10.25 Comic Stories. †10.30 "Convict," starring Will Hay. 11.55 The Bubblies. 12.30 pm The Riordans. 1.20 Calendar News. 2.25 Tuesday Matinee: "Call Her Mom," starring Connie Stevens and Van Johnson. 3.45 Calendar Tuesday. 5.15 University Challenge. 6.00 Calendar (*Emley Moor and Belmont editions*). 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Champion of Champions. 12.00 Run from the Morning.

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1: 1974. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 6.31 Talkabout. 7.31 Mike Read. 10.02 John Peel (S). 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with Jean Challis (S). 6.03 John Dunn (S). 8.02 Hooray for Hollywood. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Windsor Davies Presents . . . The Multi-National Eisteddfod Show. 10.30 Those Magical Movie Musicals: "The Sound of Music" (Part 2). 11.02 Sports Desk. 11.03 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music. (S).

RADIO 3

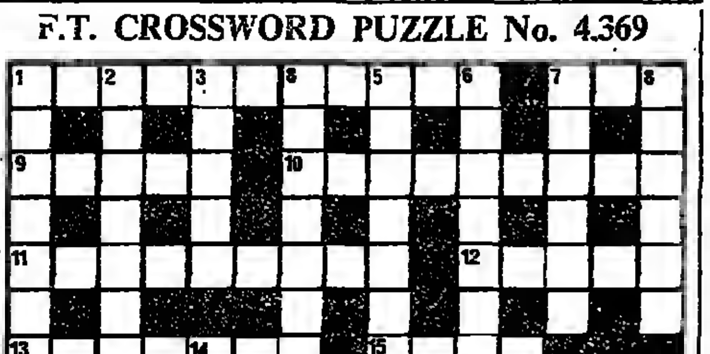
‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Mendelssohn (S). 9.45 Peter Wallfisch, piano recital, part 1 (S). 10.30 Interval Reading. 10.35 Recital, part 2. 11.20 Music for Guitar (S). 11.55 BBC Northern Symphony Orchestra (S). 1.00 pm News. chamber music recital (S), including 2.05-2.15 Interval Reading. 2.55 Music for Brass and Russian Songs (S). 3.50 Paul Tortelier: Cello Suite by Bach (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Promenades. 7.30 Proms Concert, part 1: Bach (S). 8.25 Lawrence Travelling. 8.45 Proms, part 2: *Elliott Carter, Ives (S).* 9.45 Doctor Fischer of Geneva by Graham Greene. 10.10 Haydn (S). 10.40 The English Ayre (S). 11.00 News. 11.05-11.15 Dinu Lipatti (S).

VHF Only—Open University 6.00-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas *only:* 12.00-1.00 *am.*

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.45 The Wheels of Chance. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service (S). 10.45 Story Time. Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News, 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 The Golden Bowl by Henry James (S). 4.10 The Tonypandy Riots. 4.40 Announcements. 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Tom Lehrer—A look at the singer/songwriter's career. 7.00 News. 7.05 The Archers. 7.20 The Grand Experiment. 8.05 Thoughts About Ireland. 8.20 Odyssey. 9.05 Can We Make Jobs? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World *Tonight.* *10.30 Speaking for Ourselves.* 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Vladimir Ashkenazy (piano) plays Schubert, Chopin, Rachmaninov. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,369



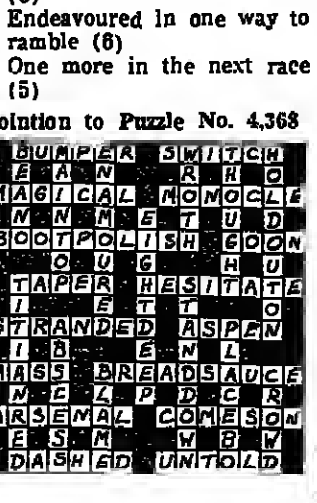
ACROSS

1 Display of sea-food keeping others at arm's length (5-6)
7 and 28 Prominent viewer liked Olive Oyl (3-3)
9 The ultimate result is to supply children (5)
10 Frenchman in the beginning and the end (9)
11 Cook with lots of wine in heat conveyer (5-4)
12 Unsocial person, one going in both directions (5)
13 Provide too many workers for supervisor (7)
15 Name somebody? Not at all! (4)
18 Go up in disorder for Russian secret police (4)
20 Get out of bed and ride on waves with *star performer* (7)
23 Put it in the tax (5)
24 Having up for reprimand and covering a lot of ground? (9)
26 Supply book that's thrifty (9)
27 Male voice in quartette normally (5)
28 See 7 Across
29 Plant making sticky sweet (5-6)

DOWN

1 Makes a slight mistake with brick-carrier being slovenly (8)
2 Replied it needs raw mixture (8)
3 Think idly of *initially* dull bore (5)
4 Contentious party using force before fighting (7)
5 Put sugar on plant seen in cold window (3-4)
6 Principal part of script right for one whose name is most prominent on the programme (9)
7 I must appear in factory to be flexible (6)
8 Face attempt in larder (6)
14 Influence of personality and attraction by Poles (9)
16 Race with a learner—it's a grand race (8)
17 Shuffle and make a disturbance at the side of the road (8)
19 Male relative with a right to be dim (7)
20 Withdraw competitor without handicap (7)
21 Main element of fastener (6)
22 Endeavoured in one way to ramble (6)
25 One more in the next race (5)

Solution to Puzzle No. 4,368



ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903). THE ROYAL OPERA DER RING DES NIBELUNGEN. Thur. 7.30 Das Rheingold. Fri. 5.30 Die Walkure. Amphi seats avail. for both perfs. from 10 am on day of perf.

COLISEUM. S. 836 3161. CC. 240 5258. Grp. Bkgs. 836 2699. ENGLISH NATIONAL OPERA. Tonight & Fri 7.30: *The Coronation of Poppea.* Tomor & Sat 7.30: Fidelio. Thurs. 7.30: Count Ory. 104 balcony seats avail. from 10 am day of perf.

SADLER'S WELLS THEATRE, EC1. Bkg. Office 837 1672-3856-7505. Sept. 16 to 27, CARACALLA DANCE. Sept. 10 at 8. Sub. Evgs. 7.30. Mat. Sat. 2.30.

THEATRES

ADELPHI. CC. 01-836 7611. Evgs. at 7.30. Sat. 4.00 & 7.45. Mats. Thurs. at 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS & ANNA NEAGLE in MY FAIR LADY. Group bookings ring 01-836 7358 or 01-379 6061.

ALBERY. S. From 9 am 01-836 3878. CC. 379 6565. Group bkgs. 836 3962 or 379 6061. A.r. cond. Evs. 7.45. Mats. Thur. & Sat. 4. OLIVER! CHILD HALF-PRICE. RECORD RUN ENDS 20 SEPTEMBER.

ALBERY. From 20 Sept. Eves. 8. Thurs. mat. 4.30. Sat. 5 & 8.15. Sian Phillips, Denis Lawson, Half Moon production Rodgers and Hart's PAL JOEY.

ALDWYCH. S. 836 6404. CC 379 6233 (10-6, Sats. 10-4). Info 836 5332. Fully air conditioned ROYAL SHAKESPEARE COMPANY. Ton't 7.30. Tomor. 6.30, Thurs. 2.00 & 7.30. From Stratford-upon-Avon. OTHELLO. Seats available tonight. Last 3 weeks. In rep with TWELFTH NIGHT (Fri. 7.30, Sat. 2.00 & 7.30). RSC also at The Warehouse and Piccadilly Theatres.

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DUKE OF YORK'S. S. CC. 836 5122. *FRANCES de la TOUR.* DAVID de KEYSER in DUET FOR ONE by Tom Kempinski. Previews from Sept. 10. OPENS Sept. 23.

FORTUNE. S. CC. 01-836 2238. Eves. 7.30. Wed. 2.30. Sat. 4.00 and 8.00. Last 2 weeks of DR. FAUSTUS with James Aubrey. SEASON MUST END SEPT. 20.

FORTUNE. 01-836 2238. *Prev.* from 25 Sept. 8.0. Sats. 5.0 & 8.0. Opens Sept. 30. EDWARD DUKE in JEEVES TAKES CHARGE by P. G. WODEHOUSE.

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. WILLIAM FRANKLYN in Ira Levin's DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8. Mat. Wed. 3. Sats. 5 and 8.15. Beryl Reid, Barry Foster, Peter Bowles, Ian Waters in a new play by Peter Nichols. BORN IN THE GARDENS.

HAYMARKET. Theatre Royal, CC. 01-930 9832. Evgs. 7.45. Wed. 2.30. Sat. 4.30 and 8.00. LEONARD ROSSITER, PRUNELLA SCALES in MICHAEL FRAYNE'S MAKE AND BREAK. Directed by MICHAEL BLAKEMORE.

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LYRIC HAMMERSMITH. CC. 01-741 2311. Eves. 7.30. Thur. Mat. 2.30. Sats. 4.30 & 8.15. John Gay's classic musical THE BEGGAR'S OPERA. Book now! LYRIC STUDIO: From Thur. at 8. LOOT by Joe Orton, directed by Kenneth Williams.

NATIONAL THEATRE. 'S' 928 2252. OLIVIER (open stage): Ton't 7.00 OTHELLO by Shakespeare. Tomor. 7.30 SISTERLY FEELINGS (Abigail-Races). LYTTELTON (proscenium stage): Today 3.00 (low price mat) & 7.45. Tomor 7.45 last 3 perfs NT's hugely successful DEATH OF A SALESMAN by Arthur Miller with 'superb' performance by Warren Mitchell. COTTESLOE (small auditorium—all tkts £3 Students £1.20): Until Sat. 8.00 last perfs LINE 'EM new play by Nigel Williams. Excellent cheap seats from 10 am day of perf all 3 theatres Car park. Restaurant 928 2033. Credit car bkgs 928 5933.

OLD VIC. 928 7616. CC. 261 1821. S. Ton't, Fri 7.30, Sat 2.00 PETER O'TOOLE in MACBETH. Directed by Bryan Forbes. Opens Tomor at 7.0. Thur. Sat & Mon 7.30, Bryan Marshall & Timothy West in LANCELOT AND GUINEVERE. TOAD Now Bkg. 15 Dec. to 17 Jan.

PALACE. S. CC. 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Public preview Sept. 16 7.30. Only 1 week to opening Sept. 17, at 7.0, sub. evgs. 7.30. Mats. Wed. & Sat. 3.00. Group sales Box Office 379 6061.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I. Also starring Virginia McKenna. HOTLINE 01-437 2055. Evgs. 7.30. Mat. Wed. and Sat. 2.45. Last 3 weeks. Final perf. Sept. 27.

PHOENIX. S. CC. 01-836 2294. Mon.-Sat. Evgs. 8.0. REG LIVERMORE in SACRED COW. A unique musical entertainment.

PICCADILLY. S. Air cond. 437 4506. CC. bkgs. 379 6565. Grp. bkgs. 836 3962. Mon. to Thurs. 8. Fri. & Sat. 5 & 8.40. Stalls from £2.90. ROYAL SHAKESPEARE CO. in Willy Russell's new comedy EDUCATING RITA. RSC also at Aldwych & Warehouse.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mats. Thurs. and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Group sales Box Office 379 6061. Seats available for matinee performances.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. An evening with TOMMY STEELE and his company. Evgs. Mon., Thurs. 8.30. Fri. and Sat. 6.00 and 8.30. Book now.

QUEEN'S. CC. 01-734 1166. Evenings 8.00. Sat. 4.30 and 8.00. Tom Courtenay, Freddie Jones THE DRESSER. The new play by Ronald Harwood. Directed by Michael Elliott.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7.00, 9.00, 11.00 pm. Open Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New thrills. 23rd sensational year. Fully air conditioned.

ROYAL COURT. S. 730 1745. CLOUD NINE by Caryl Churchill. Evgs. 8. Sat. 8.30. Mon. all seats £2.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. SUBMARINES by Tom McClenaghan. Prevs. Ton't, Tomor 7.30. Opens Thurs. 7.

SADLER'S WELLS THEATRE EC1. Booking Office 837 1672-7505-3856. Last week. Evgs. 7.30. Mat. Sat. 2.30. MARCEL MARCEAU.

SAVOY THEATRE. 01-836 8888. Adv. Box Office now open. John Alderton, Pauline Collins in Charles Dyer's comedy. RATTLE OF A SIMPLE MAN. Thurs. 18 Sept. at 7.00. Reduced price prevs. 16 & 17 at 8.00. Mon.-Thurs. at 8.00. Fri. and Sat. 5.45 and 8.45.

SAVOY THEATRE. 01-836 8888. CC. 836 0110. Mon.-Fri. (10-6). LESLIE PHILLIPS, DIANA COUPLAND, RONA ANDERSON in NOT NOW DARLING. Mon.-Thurs. 8.00. Fri. and Sat. 5.45 and 8.45. Red. price Fri. mat. Group bkgs. Tel: 01-830 3092. Last week ends Sat.

SHAFTESBURY THEATRE. CC. 01-836 4255. Tickets £1 to £8. Prevs. from Sept. 20. Opens Oct. 1. BOOK NOW! TOM CONTI & GEMMA CRAVEN in the musical THEY'RE PLAYING OUR SONG. Book by NEIL SIMON. Music by MARVIN HAMLISCH. Lyrics by CAROLE BAYER SAGER. Group bookings 01-839 3092.

SHAW THEATRE. 01-388 1394. National Youth Theatre presents a new play by Leicestershire Y.T. VACUEES. Tonight 7.30.

ST. GEORGE'S THEATRE. Tufnell Park, N7. Evgs. 7.30. Wed. 2.30. Sat. 4.00. 24 Hour Booking 607 1128. Ton't & Tomor BRIAN OULTON & JENNY OULTON in THE MERCHANT OF VENICE. Thurs., Fri., & Sat.: MACBETH.

ST. MARTIN'S. CC. 836 1443. Evgs. 8. Matinees Tues. at 2.45. Sat. 5 and 8. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 28th Year. Theatre is fully air-conditioned.

STRAND. 01-836 2660. Evening 8.00. Mat. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davies.

STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Info. (0789) 69191. ROYAL SHAKESPEARE COMPANY in HAMLET tonight, tomor, Sep 11 7.30. ROMEO AND JULIET Thu (mat) 2.00, Sept 15, 16 7.30. AS YOU LIKE IT Sep 16 7.30, 20 (mat) 2.00.

TALK OF THE TOWN. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. LONDON'S GREATEST NIGHT OUT. From 8 o'clock. Dining and dancing 9.30. SUPER REVUE BUBBLY and in cabaret at 11. ANNIE ANDERSON.

THEATRE ROYAL, Drury Lane. 836 8108. S. Denis Quilley, Sheila Hancock, SWEENEY TODD. Broadway Musical, winner of 8 Tony Awards. Evs. 7.30. Mat. Wed. & Sat. 2.30. Group sales Box Office 379 6061. *Seats from £2.50.*

VAUDEVILLE. S. CC. 01-836 9988. Group sales 379 6061. Air-conditioning. Eves. 8.00. Sats. 5.30 and 8.00. Wed. mat. 2.45. IAN OGILVY, SHEILA GISH, JAMES COSSINS in STAGE STRUCK. A new thriller by Simon Gray.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Eves. 7.30. Mat. Wed. and Sat. 2.45. ANNIE. Group Sales Box Office 379 6061.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Ton't, Tomor. 7.30. Thu 2.00 & 7.30. Brecht's BAAL. All seats £3.50. Students £2.00 in advance.

WHITEHALL THEATRE. 01-930 7765. CC. Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT! NO PYJAMAS. Eves. 8.30. Fri. Sat. 6.15 & 8.30.

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YOUNG VIC. 928 6363. All seats £1.00! Ton't 7.30. Sat 8.00 (last perfs) Tom Stoppard's REAL INSPECTOR HOUND! AFTER MAGRITTE. Tomor 7.0, Fri 7.30 ROSENCRANTZ & GUILDENSTERN. *Thur 7.30 Poetry Recital by Adrian Henri, Roger McGough & Brian Patten.* Sat 2.30, Mon 7.30 Jules Verne's AROUND THE WORLD IN 80 DAYS.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. perfs. All seats bkble. 1: BREAKING GLASS (AA). Wk. & Sun. 1.45, 5.00, 8.00 (Last 2 days). 2: AIRPLANE! (A). Wk. & Sun. 2.00, 5.00, 8.15.

CLASSIC ENTERTAINMENT
Teledata 01-200 0200

CLASSIC 1, 2, 3, 4. Chelsea King's Rd. 01-352 5096. Last performance bookable. 1: HARLEQUIN (X). Progs. 2.00, 5.20, 8.25. 2: LA CAGE AUX FOLLES (AA). Progs. 3.30, 6.25, 9.05. 3: ROUGH CUT (AA). Progs. 2.05, 5.00, 8.00. 4: THE SECRET POLICEMAN'S BALL (AA). Progs. 2.30, 5.26, 8.10.

CLASSIC 1, 2, 3. Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: HARLEQUIN (X). Progs. 1.10 (not Sun.), 3.30, 5.50, 8.15. 2: THE BLACK STALLION (A). Progs. 1.00 (not Sun.), 3.20, 5.55, 8.25. 3: CAN'T STOP THE MUSIC (A). In Dolby Stereo. Progs. 1.40 (Sun. from 2.30), 4.40, 7.45.

CLASSIC 1, 2, 3, 4, 5. Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). Fully air conditioned. 1: McVICAR (X) in Dolby Stereo. Progs. 1.00, 3.30, 5.55, 8.25. 2: BREAKING GLASS (AA) in Dolby Stereo. Progs. 1.10, 3.30, 5.55, 8.20. 3: ROUGH CUT (AA). Progs. 1.15, 3.35, 6.00, 8.25. 4: AIRPLANE! (A). Progs. 1.00, 3.15, 5.36, 8.00. 5: THE LORD OF THE RINGS (A). Sep. perfs. 2.00, 5.00, 8.00.

CLASSIC. Leicester Square. 01-930 6915. HARLEQUIN (X). 2.18, 5.40, 9.05. THE KLANSMAN (X). 12.30 (not Sun.), 3.10, 7.15.

CURZON. Curzon Street, W1. 499 3737. Bertrand Tavernier's UNE SEMAINE DE VACANCES (AA). (English sub-titles.) Progs. 2.00 (not Sun.), 4.05, 6.20, 8.40.

DOMINION. Tott. Court Rd. (580 9562). THE EMPIRE STRIKES BACK (U). Cont. Progs. 1.35, 4.35, 7.40.

GATE MAYFAIR. 493 2031. MAYFAIR HOTEL. Stratton St., Green Pk. Tube. Advance bookings. THE CONSEQUENCE (X). Progs. 5.45, 7.30, 9.15.

ODEON HAYMARKET. (930 2738-2771). ROY SCHEIDER in a BOB FOSSE Film ALL THAT JAZZ (X). Sep. progs. at 1.30, 4.46, 8.00. Late Night Show Fri. & Sat. 11.20.

ODEON LEICESTER SQUARE (930 6111). Neil Simon's CHAPTER TWO (A). Sep. progs. dly. Drs. open 1.00, 4.15, 7.30.

ODEON MARBLE ARCH W2 (723 2011-2). THE EMPIRE STRIKES BACK (U). Sep. progs. Doors open daily 2.30, 8.45.

STUDIO 3. Oxford Circus. 437 3300. Lic'd Bar. THE DEER HUNTER (X). 12.45, 4.05, 7.30. Late show Sat. 10.50.

ART GALLERIES

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572-3. 19th- and 20th-Century Paintings and Watercolours on view. Mon.-Fri. 10-5.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Retrospective exhibition of watercolours by A. D. Lamplough. 1st to 15th September.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings of Ships Models.

THE ROYAL ACADEMY OF ARTS, Piccadilly, W1. The Burlington House Fair (The Burlington Fine Art & Antique Dealers' Fair). 10-17 Sept. Opens today 8 pm-9 pm. Adm. £2 inc. handbook.

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THE ARTS

Edinburgh Festival

The Lighthouse

by ANDREW CLEMENTS

In December, 1900, a lighthouse supply ship on a routine tour of duty visited the Flannan Isles light in the Outer Hebrides. It found the lighthouse deserted; the beds and table appeared to have been left hurriedly, and the lamp was out, though in full working order. There was no trace of the three keepers. What became of them remains one of the mysteries of the sea, and the tale is the starting point for Peter Maxwell Davies's new chamber opera, which received its first four performances at the Moray House Gymnasium during the last week of the festival.

Davies has not attempted to resolve the riddle of the disappearance; merely, he says, to indicate "what might be possible under the tense circumstances of three men being marooned in a storm-bound lighthouse long after they expected to be relieved."

The opera is divided into a prologue, which opens at the court of inquiry into the incident and relates in a series of flashbacks how the officers of the supply ship came upon the lighthouse, and a main act subtitled *The Cry of the Beast* in which the speculative last hours of the keepers are chronicled.

The result is the most cogent and direct of Davies's dramatic scores. The forces are economical: three singers take the parts of both officers and keepers; the familiar Fires of London complement of seven is augmented by horn, trumpet and trombone, viola and double bass; the staging is intended to be simple, though not perhaps as primitive as the one we saw at Moray House. But the key to the success of *The Lighthouse* is in the composer's own libretto.

The text is elegant and to the point; its images are compelling. The main action inhabits a world of very recognisable fears and guilt, and suggests the stifling repression of Victorian Scotland, though the climax — the keepers driven to insanity by the reappearance of ghosts (or devils, or antichrists, call them what you will) from their respective pasts—is yet another exposition of a theme that has obsessed Davies throughout his composing life.

The prologue makes its points with the minimum of fuss. The three officers, interrogated by a solo horn placed in the auditorium, relate confused, contradictory stories: how they found no one at the jetty to meet them, how the lighthouse was overrun by rats, with chairs upturned and food mouldering, how it was boarded up and the light made automatic. The main act can then present the three keepers, Arthur (bass) a religious fanatic always at odds with Blazes (baritone), uncouth and amoral, Sandy (tenor) romantic, less extreme, attemping to reconcile his colleagues. As centrepiece Davies establishes their backgrounds in a sequence of popular songs. Blazes, in a music-hall patter song accompanied by banjo, fiddles and bones, tells of a violent upbringing in a big city, ending with his murder of an old woman, a crime for which his father was hanged. Sandy sings of lost adolescent love in a Victorian ballad, with sentimental cello and out-of-tune piano. Arthur launches into a revivalist hymn with a band of clarinet, tambourine and brass.

The seeds of self-destruction sown, the climax is swift and horrifying. The lighthouse is enclosed again by mists, hope of relief recedes. Disturbed by Arthur's rantings, the three begin to hallucinate: Blazes is haunted by the ghost of the old woman he killed; Sandy by the realisation that his forgotten love affair was homosexual, forbidden. Arthur sees lights approaching — the Beast from whom God has failed to protect him. The lights move nearer, until they dazzle the audience; when they are extinguished the officers of the lightship are seen. They hint that they were attacked by the crazed keepers, but the truth must be suppressed, the men will have just disappeared. The light becomes automatic and the ghosts of the keepers take their places.

The way that Davies builds and controls this climax is enormously impressive. One has long hoped that he would find a synthesis between the dramatic directness of the music-theatre pieces and the sureness of line of his recent Orkney work; in *The Lighthouse* this is finally achieved. Many of the expressionist shock tactics are here, but subdued and more effective: the well-worn techniques of parody are worked upon the keepers' songs, turning into the material for catastrophe. There are imaginative subtleties too—the officers' account of their approach to the island, becalmed, chilly music, the end of the prologue built upon the rhythm of the phrase "the lighthouse is now automatic," the lonely violin solos which permeate the main act, the eery recapitulation as the ghosts appear in the final bars. Davies has not attempted such a harrowing, human theme before, nor fulfilled a dramatic plan with such complete success.

Performances — I heard the third night—were all devoted and heroic: from Neil Mackie, Michael Rippon and David Wilson-Johnson as the protagonists, and from the Fires of London conducted by Richard Dufallo. The production was subsidised to the extent of £20,000 by Tennent Caledonian; rarely can commercial sponsorship of new music have been so richly rewarded. It must be staged, very soon, in London.

Final concerts by ANDREW CLEMENTS

It is becoming something of a tradition for the last morning of the Festival to contain a recital by the Amadeus Quartet. So, on Saturday they appeared at the Queen's Hall for a programme of Haydn, Mozart and Beethoven. To anyone used to the fragile, nervous performances that the Amadeus have too often given in London in recent years, the event must have been reassuring. The impoverished acoustic of the Elizabeth Hall does not flatter them nowadays, but the warmth of the lovely Queen's Hall burnishes their sound, and with such encouragement the players could relax, Norbert Brainin in particular.

The success of their concerts now hangs crucially on Mr. Brainin's state of mind. Here he was composed, genial from the outset, turning the first movement of Haydn's Op. 74 no. 1 into a brilliant *jeu d'esprit*, finding a delicious staccato (spiccato almost) for the headlong rush of the finale. Mozart's D minor quartet was equally supple, the opening theme emerging regretfully, almost lazily, out of a haze coloured by Peter Schidlof's viola, the siciliano rhythm of the finale lovingly shaped. Traces of strain, some scrambled passage work, showed in the second Rasumovsky, but these were only fleeting blemishes; the impression of boundless generosity of spirit was sustained to the end.

Generous spirits also for Saturday's final concert in the Usher Hall. The London Symphony Orchestra, in its third concert at Edinburgh this year, was conducted by Claudio Abbado in Debussy's *Nocturnes* (the sirens of the last movement curiously chaste and unseductive) and Ravel's *La Valse* (an equally sanitised account, even the wonderfully vulgar trumpet smears at the final climax underplayed). The second half was an experiment. When plans were made for the festival to end with Berlioz's *Te Deum*, the state of the Usher Hall organ was found to be inadequate for the important solos. The organ at St. Mary's Cathedral, a mile away, was used instead; the sound was relayed to loudspeakers in the roof of the hall courtesy of the BBC, and contact maintained by closed-circuit television.

The enterprise, a few moments of stiffness in the opening exchanges aside, was entirely successful. I cannot claim to be an expert on the finer nuances of organ tone, but with eyes closed would not have known that Gillian Weir was not playing in the same hall as the orchestra. In any circumstances it is difficult to fail with this of all *Te Deums*. The LSO was alert and plenty loud enough: Philip Langridge took a little while to settle into the tenor solo at "Te ergo quaesumus" but found heroic tone to close. The Edinburgh Festival Chorus veered between imprecision and fine, weighty tone. A police escort brought Miss Weir to the hall for the final calls; a good time was had by all.

Another yard of Fringe

by B. A. YOUNG

You can't see more than a tiny fraction, perhaps 1 or 2 per cent, of the fringe theatre when the official programme is so generous. I have learnt to take it for granted that most of the companies are there for their own pleasure as much as anyone else's, so I choose my programme for own pleasure too, two or three fixtures a day for a week counting as pleasure for the nonce.

I look for new writers more than new performers. The student who believes that his Richard III will see him straight to the Royal Shakespeare Company must find a recommendation elsewhere; I will be searching out the new Stoppard, next year's Beckett. I haven't found him this year; the mood among the young writers is still a belief that if they present their facet of our unstable society they will have contributed towards a better world. At the most unstable end, take James MacDonald's *Too Many Monkeys*, one of the National Student Theatre's offerings.

Here is a single-parent family consisting of a foolish woman who consistently declines any kind of official help although she is burdened with a son, Benjy, born without limbs as the effect of thalidomide, and a daughter, Mona, subject to epilepsy. The plot reveals Benjy as a sharp little monster prepared to use his cunning brain to get what he wants at anyone else's expense, which at least isn't propaganda on one side or another. What Mr. MacDonald imagines he achieves by showing this household of three useless folk I don't know; as he admits, it's not a story about thalidomide, just a story in which a character happens to have been handicapped. If there were a Thalidomide Lib, they would approve of it. Jane Prowse is the director.

At the other extreme is Edward Wiley's *Alternatives*, a game of sexual draughts between six players, with two reserves introduced to elicit more conversation, like the confidants of classic drama. Joanna has a boy-friend, Paul, but picks up another, Ken. Ken is married to Kate, who has an innocent relationship with Alex. They sometimes go to the pub with Mark, Bill and Derek, who work on the same newspaper as Ken. Joanna has an evening out with Derek, who is married to Louise, whom we never meet. Bill and Mark have no affairs at all, though I suspected at one moment that Mark was going to make a grab at Derek, when Louise left him. Mr. Wiley's dialogue is of diagrammatic simplicity, and though Joanna kills herself when Ken has made her pregnant and the tensions are too much for her, there is little passion in the playing of the Omphalos Street Company.

Steven Morris's two one-act pieces, put on at Belford Church by a good little company from the University of California, Los Angeles, can be described as the same only different. It's family tensions again, but at least the families don't come from the British middle-class. The eponymous Martha in *Confessions of Martha Roe* is bored with her husband, who is bored with her, but the way she shows it in her 40-minute soliloquy (ably spoken by Lucinda Burgess to an audience of five) is to invest a milkman-lover dead and decaying on the doorstep. I found this as funny as it was chilling. *Sketches*, the other play, is defined by its title. Once more, its content is domestic; a retarded girl releases her father's cattle, they graze on a neighbour's precious garden and die from weed-killer. The story is told in an unorthodox way as a series of soliloquies. This lets the company display their individual talents, but denies us the chance of seeing if Mr. Morris can write a good developing scene, which is what I mostly wanted to see.

There are half-a-dozen companies from California on the fringe, though not our old friends from the University of Southern California. Altogether there are 14 fringe companies from the U.S., three from Canada, two from Australia, several from France, Belgium, Holland, and a German girl running a smashing little snack-bar called the Berlin Cafe where you can get *Kaffee mit Schlagobers*.

The Cambridge Mummers, whose production of *The Roaring Girl* was reviewed here earlier by Michael Coveney, offer a very black comedy, *Latin, or Tobacco and Boys*, by Stephen Fry, who is also half the cast. Tobacco and boys are what Marlowe said we should all go for; but only one of the two prep-school masters in Mr. Fry's play loves boys, and neither of them smokes. What the other master likes is being beaten, and he persuades the pederastic one to do this for him as his price for not telling the authorities about the scandal he has discovered. Neither of these two ushers is fit for the staff of any school but Llanabba Castle, but the fact is that when we see them teaching they do it very well, which raises an interesting point that Mr. Fry doesn't pursue. Improper the play may be, but it is excellently written and excellently played.

Real small boys can be seen in the Children's Music Theatre, and small girls too. This is Jeremy James Taylor's bunch of sub-pubics, promoted to a new name (and God grant they may not be tempted to put a "National" in front of it and expect state assistance). I saw them in *Captain Stirrick*, a sinister piece by Mr. Taylor and David Scott that begins like *The Beggars' Opera*, continues like a liberated *Oliver Twist* and concludes with some terrifying fantasies. Mr. Taylor drills his children well, and I liked the play enormously. There is a likeable performance as Ned Stirrick, a boy gang leader who heads a bunch of 19th-century punks at Bartholomew Fair, by Julian Silvester, a 13-year-old from Haberdasher's Aske's School.

'A Night at the Opera'

George Bernard Shaw wrote a letter to The Times in 1905 complaining about the lax rules applied to the dress of women opera-goers. The incident which particularly rankled was his feeling of nausea at the sight of a dead bird attached to a lady's hat.

What would his reaction be now, when philistines are encouraged to rub shoulders with regular opera buffs? This rabble does not go in happy expectation of the perfect execution of virtuoso singing. The highlight of their evening will be in opera buffoonery. Barry Hewlett-Davies has added new dimension to what was a noble art form—that of the unexpected and often disastrous. *A Night at The Opera* (Weidenfeld and Nicolson, £4.50, 160 pages) consists of an hilarious collection of vignettes, reminiscences and contributions from celebrated singers, conductors, composers, actors and writers on their experiences at the opera. The more elevated the scene the more excruciating their downfall. The author has given us some rare glimpses before and behind the scenes. Royalties will go to the English National Opera and Sadler's Wells Benevolent Fund.

KATE MORRISON

Sue Davies, the director, in the new headquarters of the Photographers' Gallery — Trevor Humphries

The Photographers' Gallery

A Coming of Age

by WILLIAM PACKER

It is hard today to remember, so obviously important is the position it now occupies in our photography-cum-art world, quite how radical and risky a venture the Photographers' Gallery seemed to be at its inception, all of those nine years ago. But it was the first independent gallery in London to devote itself exclusively to photography, and it did so at a time when the photograph's standing as Art was a question very far from resolution. In January 1971 the more general economic portents, too, were hardly propitious—and we know too well what has happened to our dear economy since then.

Sometimes, however, difficulties do go away, or at least diminish themselves, if disregarded: the Photographers' Gallery, under the direction of the admirable Sue Davies, flourished from the start, demonstrating at once by the invaluable service it provided the clear necessity for its existence. Moreover, it blithely assumed the intrinsic worth of the material it showed, justified it in a sequence of historical and contemporary shows, and thus not so much won as brushed aside the argument of status. If the photographer may be an artist, his work may be Art: and so we were moved briskly on to the work itself, on its own terms and for its own sake.

The Gallery was always intended to be much more than simply a showing space, and indeed as book shop, print shop, library, and information exchange it has long been a true centre for the community of photographers, the envy of those working in all other disciplines: and though it may have its quiet days, I have never known it to be empty. And the pressures of such useful success have worked upon it to the point when it must either expand or explode.

The necessary expansion is what we celebrate today. The old premises at 8, Great Newport Street remain, housing the now relaxed though larger bookshop to the front, and still the large gallery behind: but where three, sometimes even four shows had somehow been crammed together, now but one; or perhaps two need be accommodated and in great comfort. And three doors away Sir Joshua Reynolds' old house, a building listed as much for the sake of its pre-war remodelling as for what remains of the original, has been taken over and handsomely adapted as the new headquarters. Offices, workshops, print and reference libraries, and a department for the sale of photographic prints are all in the house itself, with the corridor alongside set up as a smaller showing space; and at the back a former workshop has been opened up to make another major gallery, one which can readily serve as a lecture hall. Altogether the space available for exhibitions, to say nothing of other things (there is also a bar), has effectively been doubled.

All this has cost a great deal of money, of course: the good news is that the gallery has managed already to raise some £240,000 towards the capital cost of the lease and the conversion, while the Arts Council has doubled its revenue grant, which covers the practical costs of running the place, a sum which now stands at £90,000. The bad news is that £60,000 is still needed—but optimism rides high; and indeed it is hard to believe that an organisation that attracts rather more than a 0.25m visitors a year should stumble at the last over the price of an ageing footballer.

And so it is that the new building opens its doors to private view today, and to the public tomorrow, with the international prize exhibition, "World Press Photo" (come to England for the very first time), occupying the main, which is to say the Tom Hopkinson Gallery. The Press photographer's is an exacting calling, requiring sound technique, the quickest reflexes and a good eye, all of them founded on a quick wit and common sense. It is a visual trade in which immediacy and topicality, the virtues of being there rather than here, often over-ride more formal considerations, a great shot apparently all content and no form at all. It is not that it has no aesthetic, however, but rather one of a very particular kind, for the true Press photographer will make instinctively the adjustments and accommodations that mark him as an artist, while still serving the moment and the material of his story. And some of the most remarkable, and memorable images of all have been thus achieved.

This collection falls naturally into categories that together cover all manner of people, places, things and circumstances. We confront stark horror and tragedy, and then again great happiness and delight: war, accident, disaster, public faces, private attitude and incident, and always sport, the modern obsession. And repeatedly the photographer, with his independent and opportunist eye, moves into the space between ambition and pretension, and a real, recognisable humanity. The prize-winning picture, by David Burnett of New York, is a study of a Cambodian refugee with her child, an image of profound simplicity.

The new Portfolio Gallery carries an essay on village life in North Devon by James Ravilious, which is being published co-incidentally, with a text by his wife Robin, by the Scolar Press. He looks out upon a community, and the countryside that has formed it, with a quiet and loving understanding, celebrating the enviable certainty and normality of the country routine and the turn of the year, its covert dramas and modest triumphs.

Meanwhile, the old gallery, now named after Bill Brandt, holds an extraordinary, labyrinthine installation contrived by Andrew Lanyon, which leads the increasingly captivated viewer through a gentle spoof history of early photography, full of excellent jokes and charming working models and displays.

In his Vanishing Cabinet, Lanyon takes Lewis Carroll as his guide, picking up the clues that were put into Alice's mouth, and following her trail into what Carroll evidently found that enchanting wonderland of gadgets and chemicals, tricks, illusions and contradictions, what with its negatives and reversals, its vanishings, distortions, shrinkings and enlargings, the photographer himself disappearing behind his machine, or into his mysterious laboratory. Lanyon's delicate surrealist touch never lets him down with material that could so easily turn into archness, sentimentality and facetiousness. His collages and other illustrations are delightful; and "the step pyramid at Sakkara, showing bellows structure built more than 5,000 years ago" gives us all much to ponder.

The Vanishing Cabinet continues until September 28, World Press Photo (with help from the Sunday Times) and The Heart of the Country until October 5.

Lucca

Festival of Marlia

by WILLIAM WEAVER

The International Festival of Marlia has completed its third year, but it has already established itself as a particularly interesting and intelligently-conceived series of events. Last year the festival's theme was the character of Hamlet, seen in various guises and contexts ranging from Shakespeare to Tchaikovski, from Gasparini's early 18th-century opera *Ambleto* to the modern songs of Mario Castelnuovo-Tedesco. A round-table discussion assembled musicologists from England and Italy, as well as literary critics and a clinical psychiatrist.

The theme of the third festival was Romeo and Juliet; and again Marlia's rich programme, though concentrated in less than a fortnight, included dance, theatre (Lope de Vega's *Castelvines y Monteses*), poetry readings, scholarly discussion, concerts, and films. As in the past, the heart of the festival remained the splendid Villa Reale of Marlia, with its magnificent outdoor settings, including a "green theatre" of privet, but several festival events were also scheduled in Lucca. And it was there that the festival ended, with two staged performances of Bellini's *I Capuleti e i Montecchi*.

Rows of seats and a series of platforms, serving as stage, were set up in Ammanati's Cortile degli svizzeri, so the action of the drama was played against the 14th-century apse of San Romano. For the rest, Aldo Trionfo's staging was generally simple. He made the mistake of fixing a vast, rumpled bed in the central, lowest platform, where Romeo and Juliet were obliged to writhe amorously throughout the opera's Overture.

It is not long but still managed to outlast the producer's and the singers' inventiveness. Trionfo also introduced some intrusive mimes, but for the most part he allowed the music to do the work, rightly.

And the music was in good hands. Some years ago, apparently in an effort to popularise Bellini's rarely done Romeo-and-Juliet opera, Claudio Abbado devised and conducted, in various theatres, a version in which the travesty role of Juliet (created by Giuditta Grisi) was sung by a tenor. It was not a good idea, and for Lucca the festival's artistic director Herbert Handt wisely assigned the hero's part to a mezzo-soprano, the agile and musical Elena Zilio. Though the voice is not large, the singer used it effectively, incisively, both in her big first act solo (*Se Romeo t'uccise un figlio*), profoundly affecting in its nobility, and in the several duets with Juliet and in the great confrontation with Tebaldo (Tybalt), the tenor.

Carmen Lavani is surely one of Italy's outstanding lyric sopranos. Versatile (I have heard her in operas ranging from *Cavalli* to *Fedora*), tasteful, she is both an engaging actress and a moving singer. Though the necessarily rudimentary lighting in the big courtyard was not flattering, she still managed to be a convincing Juliet. Dano Raffanti, still a primitive actor, has a good, ringing tenor, and is a promising singer; his Tebaldo completed the trio of principals. The minor roles were adequately sung, and the chorus did a decent job.

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A setback for the NPT

WHEN THE nuclear weapon States embarked upon the second review conference of the Non-Proliferation Treaty last month, they hoped to be able to strengthen international safeguards against the possibility of more nations acquiring nuclear weapons. With the peaceful use of nuclear power poised for considerable expansion in the 1980s, especially in the Third World, the U.S., USSR and Britain recognised a need for tighter safeguards against any temptation to divert nuclear materials and skills from reactors to weapons.

Restrictions

The nuclear weapon States emerged from the review conference at the weekend having apparently lost considerable ground. They have wbolly failed to persuada the *Third World* to accept tbe restrictions and coat inevitably associated with an effective safeguard against proliferation. None of the 115 signatories to the NPT has elected to drop out, but maoy bave made it plaio that they can see more drawbacks than benefits for tbemselves.

The outcome must surely persuade the weapon States that tbreats are no way to advance what is essentially a moral case for supporting the NPT. Threats have been uttered for 35 years, since the *post-Hiroshima* schemes put forward by the U.S. for international control of atomic energy and, as the phrase was then, "condign punishment" of Statea which stepped out of line. They have not prevented five other nations from exploding nuclear devices, and several more with well developed tecbnologies from resolutely *remaining* outside the treaty.

Frustration with India, wbicb had pursued a nuclear weapons developmeot programme to the point of an explosion in 1974, led the U.S. and Canada to adopt a rigid "policy of denial." The effect of this policy has been to damage the delicate fabric of the NPT. It has led directly to the debacle of the review conference. At the same time President Jimmy Carter himself, as chief proponent of the "policy of denial," bas underscored its weakness as a policy by declaring bis willingness to supply India with nuclear fuel even though it still refuses to *sign the NPT.*

The Geneva conference has *shown that tha Third World*, on the 10th anniversary of the NPT, can mount a strong moral case. They can point to the way *weapon States have* flouted the nndertaking under Article Six of the treaty to reduce weapon testing. They can point to the way that nuclear armouries, far from diminisbing, have increased enormously during the 1970s. *They can point to the* indisputable fact tbat some countries wbicb bave not signed the NPT have won better deals for the supply of nuclear technology and fuel than those wblcb accepted its terms. They can ask, with some justice, what benefits they receive from allowing international *inspectors* access to their nuclear factories.

The nuclear weapons States must begin urgently to repair the damaged fabric of the NPT. Whatever its limitations, it has been a remarkable achievemeot to *get 115 signatories* to one international treaty, and there can be no *thought of abandoning* what has been acbieved. But if the weapon States seriously wish to control the spread of nuclear weapons to more countries, they can hope to do this only by demonstrating a readiness to *assist non-weapon* States to get maximum benefit from civil nuclear power.

Guarantees

The onus is upon the weapon States to produce proposals persuasive enough to keep existlng signatories within the treaty, and to persuade others—especially the dozen "near-nuclear" nations—that the balance of advantage has tilted towards their *signing* the *NPT*. The extra cost—and there is bound to be one, as a senior Energy Department official pointed out to the Uranium Institute's conference in London last week—will probably bave to be carried by the nuclear weapons States. The international guarantees against a future unilateral "policy of denial" by any nuclear *exporting* nation *will* bave to be absolntely watertight.

It will not be easy, not least because the crisis for the NPT occurs at a time of deteriorating relations between the U.S. and the USSR. But one thing the U.S. and Britain can be sure of is that the Russians will be just as eager to maintain and extend the *NPT* as the weapon States *of the west.*

Danger signals in Korea

POLITICAL repression in South Korea give, legitimate cause for anxiety. The west has a strong interest in a stable and responsible regime bolding power in Seoul. Thirty years ago a hitter war was fought under U.S. leadership to prevent the country being swamped by the Communist-ruled northern section of the Korean peninsula. Much has changed since then. But the *North* has not buried its ambitions and geograpby bas not altered: less than 200 miles separate Korea from the Japanese islands.

But for western support during and since the Korean war there would be no South Korean state. Over and above that, the outside world has funded a large part of South Korea's ascent into the ranks of the coming industrial powers. South Korean foreign debt exceeds $20bn.

President Carter last week sent a message to the newly installed South Korean President *and dictator*, Chun Doo Hwan, expressing concern about tbe repression sweeping the country. The Press always bas been controlled, yet the military regime has found it necessary to suppress more than 100 periodicals. Early last month 16,599 "hooligans, drug pushers, extortioners and habitual gamblers" were arrested. The nomenclature has a depressing ring, familiar from other dictatorships.

Western aid

Best known of all, Kim Dae Jung has been put on trial for his life on charges that appear highly questionable. Kim received 45 per cent of tbe votes when loaing the presidential elections of 1971 to General Park Chung Hee. He went to Japan bnt was kidnapped and taken home by agents of the Park *regime*, to the lasting anger of the Japanese. More than once his life bas bung by a thread. Kim is a threat to the regime, because he could serve aa a cryatallising point for opposition.

Current events were set in train last October wben President Park was assasainated by one of his officers. Power temporarily *reverted* to a group of older generals who appear to have been ready for a degrea of liberalisation as demanded by intellectuals and students (though the majority of the population still seems ready to suffer authority with Confucian stolidity). Expectations were promptly raised.

In May, *an* uprising in Kwangju, capital of Cholla province which tends to resent Seoul supremacy, was fiercely put down. So were student riots in Seoul. Ceneral Cbun may bave used these riots as an opportunity to aet himself up as the man who restored stability and order.

The last year bas demon*strated that authority* in *South* Korea may be more brittle than appears. The country is undergoing those pressures for liberalisation that grow in most societies as they enter the industrial age. An economic set*back has aggravated them. In* its very different way, Brazil faces a similar problem.

Moral pressure

President Cbun has offered at least lip *service* to the *need* for a modicum of reform. His *proposed* constitution bas not been published. But the Press has suggested that the people themselvea might he allowed to cbooae the electoral college for the *presidential* elections promised by mid-1981. Under tha Park *regime* the college was packed by the Government and even now there is little doubt that the ruling clique will see to it that President Chun is duly re-elected for a seven-year term.

The pressures that the outside world can bring to hear on President Chun are limited. There are 39,000 U.S. troopa in the country, bnt any threat to withdraw them would almost certainly be empty. *Washington* talked of the possibility a few *years ago, but strategic* reasoning prevailed. Experience shows tbat moral *pressure from* abroad counts for little in Seoul. Financial pressure would pose its own problems.

The *fact* of the matter is that democracy cannot be imposed from the outside. Nor can the West automatically assume in its dealiogs with the Third World that European or North American style democracy is the acme of political perfection. But evep in Korea the late Dean Inge's dictum holds good — "a man may build himself a throne of bayonets, but he cannot ait on it."

Guy de Jonquieres looks at the long-term strategy of the Japanese computer industry

Microchips: Japan expands its bridgehead in Europe

JAPANESE industry is on the move again. After carving out a major share of Western markets for cars, cameras and consumer electronic products, Japanese companies are now aiming to become a force on the world market for silicon chips. But European Governments, far from grumbling about unfair competition, are scrambling to welcome the newcomers.

Last week, Fujitsu, Japan'a biggest computer company, announced plans to build a £42m factory outside Dublin to mass-produce integrated circuits. A second group, Nippon Electric (NEC), which already bas a small chip assembly plant in Ireland, is considering setting up a £20m manufacturing facility at Livingstone in Scotland.

The two projects are the most ambitious of their kind yet undertaken in the EEC by Japanese companiea. Eager to attract employment and advanced microelectronic tecbnology, *anthorities* in Ireland and Scotland bave competed in wooing the Japanese witb geoerous offers of state aid and, in the Irish case, of a tax holiday aa well.

At preaent, Japan has only a tiny fraction of the $3bn a year European aemiconductor market—a mere 4 per cent according to Dataquest, a Californian market researcb company. Almost all its sales so far bave been *exports from* Japan.

Bnt the Fujitsu and NEC projects are almost certainly the advance guard of a campaign by Japanese companies to increasa their market abare. Nobody is watching their atrategy with greater attention or misgivings—than the American semiconductor industry.

U.S.-owned manufacturers account for more than half of all European semiconductor *sales. They* bave *two-thirds* of the fast-growing market for integrated circuits, silicon "chips" containing as many as 100,000 transistors on a surface less than ¼ inch square. A few chips assembled on a printed circuit board can perform as many operations as a room-sized computer *of 20 years* ago.

American manufacturers have invested beavily in European production facilities and have almost a dozen manufacturing plants in Britain and on the Continent. The scale of their operations dwarfs Europe's own rather tentative and *fragmented efforts* to establish a presence in volume chip manufacturing.

Europe's two biggest integrated circuit producers are Philips of the Netherlands and Siemens of West Germany. In the UK, aeveral companies make chips, but in small quantities and mainly for their own use. The only purely British entry in the mass-produced chip market is the state-backed Inmos project, which has yet to show its paces on world markets.

France, also deficient io integrated circuit technology, is *taking a different approach.* As well as backing researcb efforts by Frencb companies, the Government is seekiog to encourage joint ventures between Frencb companies and U.S. semiconductor manufacturers. The Frencb put up the caab and retain control of the joint *ventures*, while the Americans are asked to contribute the technology.

But as dominant suppliers, the Americans know they stand to lose most from tougher international competition. The Japanese bave *already staged* a dazzlingly successful raid on the U.S. industry's bome territory. After entering the American market less than two years ago, they bave seized roughly a third of sales of 16-K Random Access Memories (RAMs), the most advanced standard memory chips in mass production whicb are widely used in microcomputers.

Their success bas been due to a combination of excellent technology, careful planning and shrewd marketing. Timing belped too: their arrival coincided with an unexpected boom in world demand for 16-K RAMs last year whlcb American manu*facturers* could not satisfy because they bad cut investment in new capacity after a collapse in the market in the mid-1970s.

Japaoese manufacturers wbo are now starting to manufacture in the U.S., bave also skilfnlly cultivated a certain mystique about the *high quality* of *their* chips. Their claims bave been borne out by Hewlett Packard, a major American user, which has said that tbe chips it gets from Japan contain fewer defects tban those from U.S. suppliers.

"Poppycock," retorts Mr. Cbarles Sporck, president of National Semicooductor, a leading U.S. chipmaker. "It's just that the Japanese test their devices more thoroughly hefore they leave the factory and reject the faulty ones." They can *afford* to do *this*, be says, because Japan's financial system does not require them to meet the standards of profitability which U.S. companies must maintain to continue to attract investors.

Ironically, Japan's emergence as a significant chip supplier owea much to fears in the early 1970s that its infant computer industry would be overwbelmed by American giants: even today, Americao companies sell more semicooductors to Japan than the Japanese sell in the U.S., though the gap is narrowing fast.

The Japanese Government launched in the mid-1970s a characteristically detailed programme to meet the American *challenge. Working closely* with the leading computer manufacturers, it ploughed about $350m over four years into a project to develop the Very Large Scale Integration (VLSI) technology used io the most advanced chips.

By some accounts, the methods used to acquire the basic technology were not overscruplulous. Silicon Valley io California, where mucb of the U.S. industry is based, abounded *with stories* a few years ago of Japanese companies paying American chip designers handsomely to pass oo the secrets of the business out of working bours.

The Japanese need resort to no such ruses today. They are acknowledged by their U.S. competitors to be equal in many areas of semiconductor technology and may in some cases even be ahead. Earlier this year they demonstrated a 256-K RAM, which can store 16 times more data than a 16-K memory, and are well advanced in the development of bubble memories, whicb may displace silicon cbips in some future applications.

The growth of Japan's semicondnctor industry is, bowever, only one element of a broader strategy. Its objective clearly appears to be to acquire a leading position in the buge new market that is expected to result from the progressive convergence of communications and compnter technology.

The first and most dramatic impact of this process is likely to be felt in the office, as clever electronic systems take over many functions now performed manually or mechanically. Competition among suppliers is already becoming inteose, with giant *corporations sucb* as International Business Machines (IBM), American Telephone and Telegraph (AT and T), Xerox and Exxon all preparing to do battle.

But even these corporate Titans are starting to glance nervously over their shoulders in the direction of Japan.

Japan has five big data-processing manufacturers, as well as seversl hundred smaller concerns. Fujitsu, Hitacbi, Mitsubisbi Electric, NEC and Toshiba together boast ranges of computers and business equipment tbat are broadly parallel witb IBM's own. All five are alsc vertically integrated, controlling their business from chip design and manufacturing to the assembly and marketing of finisbed products.

The performance of the five has been sharpened by fierce competition on the domestic market. As a result Japan, the world's second biggest computer market after the U.S., is the only country in the world where less than balf the computers designed are of American origin. Admittedly, the industry's development was aided by the maintenance of trade barriers for many years.

As the some market starts to approach saturation, Japanese companies are looking increasingly to foreign markets to maintain expansion. Their exports of data processing equipment this year are forecast at about $400m and are expected soon to overtake imports for the first time.

According to one recent forecast, Japan's total production of data-processing equipment will double to $8bn annually by 1985, while *exports* will increase fivefold to $2bn, of which about 60 per cent will be shipped to the U.S.

There is plenty of evidence that the Japanese have already identified IBM as a prime target. With more than half the world's installed large computers, the company's *customer* base is the envy of its competitors. But IBM is fairly immune to poaching by other hig U.S. manufacturers because their machines operate on different programmes. A customer wbo switches from one make to another must rewrite all his programmes, a lengthy and immensely expensive task.

Japanese manufacturers have adopted another approach. They are *making computers* which cloaely resemble IBM machinea but offer higher performance at lower cost. Such machines are known as "plug compatible" because they can be plugged straight into an IBM system.

Fujitsu and Hitachi have both taken U.S. partners. The former owns 28 per cent of Amdahl, the first plug-compatible manufacturer, founded in the early 1970s by a former IBM engineer. Fujitsu helped finance the company in exchange for access to its technology. Hitachi supplies computers to National Advanced Systems, part of National Semiconductor.

Japan's share of the U.S. large compnter market, though still probably less than 5 per cent, is growing rapldly. It has *clearly* had a marked influence on the marketing and prodnct strategy of IBM, and bence of other big U.S. computer manufacturers as well.

In Europe, Fnjitsu bas signed np Siemens, the big West Cerman electronics and electrical group, to sell a range of Japanese computers, while Olivetti, the Italian buainess equipment company, is marketing Hitachi machines.

The Japanese are also active in marketing computer peripherals equipment, such as terminals and data storage devices. Dr. Peter Walker of Mackintosh Consultants, which analysas the electronics industry, foresees a major battle looming between Japan and the U.S., which supplies about 80 per cent of European computer peripherals. "I am very concerned at the threat to European mannfacturers nnless urgent action is taken," he says.

The range of products covered by tha term peripherals is growing constantly wider, as technology makes it possible to hook equipment like office copiers, facsimile machines and word processors into computer systems. Japan is a strong competitor in these markets, too, and has jolted Xerox by its success in selling copiers.

The only major weakness of the Japanese industry is software, the programmes which tell compnters what to do. Demand for aoftware is growing rapidly, as more and more applications are found for computers, particularly in communications systems. Some in tha industry believe that in 10 years' time software could account for as much as 80 per cent of the total cost of a sophisticated computer system.

To remedy this *shortcoming*, the Japanese Government recently launched a new joint programme with the industry: one of its objectives is to facilitate the processing of Japanese language, a daunting task in view of the thousands of characters in the alphabet. The Government is also trying to encourage the development of an *independent software industry.*

It is a measure of Japanese *confidence, though, that officials* in the Ministry of Trade and Industry which bas guided much of the development of the computer industry, talk of the problem of software in terms of *when* it will be aolved, not of *whether* it can be.

JAPANS' MAIN COMPUTER AND ELECTRONICS COMPANIES

FUJITSU	Japan's largest compnter maker with revenues of $1.2bn in the year to March 1979, Fujitsu recently set np a *joint venture with TRW Inc.*, of Ohio, to compete in the U.S. market for *small* and *medium-sized computers*. Fujitsu bas already formed links with a number of European electronics companies such as Siemens and Seoisma of Spain, and is to set np a *£42m plant in Ireland. Olivetti* is marketing in Europe a computer system jointly developed by Fujitsu and Hitachi.
HITACHI	Hitachi, Japan's largest general electrical machinery maker, last month reported an 18 per cent rise in orders, largely dne to increased demand for compnters and semicondnctors. Hitacbi, which agreed to exchange technical information with ICL in 1978, also has links with Durr in West Germany, and National Semicondnctor in the U.S. Its computer revenue in the year to March 1979 was abont $791m.
NEC	Nippon Electric (NEC), the tenth largest supplier of integrated circnits to Western Europe, may build a £20m microchip plant in Scotland. It already bas a West German assembly plant and plans to shift more of its semicondnctor prodnction abroad. Two years ago NEC bought Electronic Arrays of California. Annual revenne from compnters amounted to $731m in the year to March 1979.
TOSHIBA	Toshiba — whose largest single shareholder is General Electric of the U.S. — plans to begin prodnction of semicondnctors in the U.S. by the end of the year. Two years ago it set up a joint company with Rank to manufacture televisions and export them to Europe. Computer revenne amounted to $1.62bn in the year to March 1979.
MITSUBISHI	Mitsubishi, Japan's largest trading company, set np Melcom Business Systems, a U.S. subsidiary, in Compton, California, two years ago. Melcom imports small-business computers hot plans to assemhle them in the future. Sales of Mitsnbishi Electric rose 17 per cent in the year to March 31. Revenue from computers amounted to $1.31bn, 31 per cent of the total. Mitsubishi, which has a TV plant at Arbine, California, plans to double production of colour TV sets to 240,000 units by 1981.

MEN AND MATTERS

Pirate hunter prepares for sea

A new combatant bas entered the battle to keep the small screen safe for legitimate film distributors. Sailing againat the video pirates who control a booming international trade in illegally-copied films and television *programmes comes* the Video Copyright Protection Society, to be beaded by former BBC executive Peter Lord. The VCPS has been formed by the Society of Film Distributors, the Independent Television Companies' Association, and BBC Enterprises, the corporation'a sales arm whence Lord will retire as sales director to join VCPS on October 1.

Video piracy bas boomed with growing sales of video cassette recorders. A single "ring" netted by police in Europe last *year was dealing in £30m of* cassettes annually.

VCPS will enjoy a modest start in life, with "me, a secretary, and an answerphone," Lord tells me. The scope of its activities has not yet been finalised, but it ia likely that other film makers who would like VCPS to police their products will be invited to join. The society will not itself initiate prosecutions, but will do tbe groundwork necesaary to enable prosecutions by the affected company.

The main video black market is in feature films, where pirated cassettes of newly-released products can apparently be bad in London for £100 or less.

"We want a return to the good old days when the *Liberals got the blame* for the state of the country"

Repelling borders

It is fitting, I suppose, that the Wool marketing Board, which deals in one of the oldest commodities known to man, sbould retain a strong sense of iodependent *tradition*. It *brooks* no nonsense from the synthesisers and dumpers. *Nor is it* prepared to allow HMC to muck about with its time-bonoured internal political system.

With regional elections coming up in November, the board has sent out a sharp little note reminding *all* concerned that the Shires are still the Shires. "For *the purposes* of the elections," it sternly states, "the *geographical countries remain* the same as they were hefore the coming into force of the Local Government Act, 1972 . . . and nominations for the new administrative counties or regions will not be accepted."

Holy owned

It *was with* more tban a little surprise, as I perused the *details* of the *generous* agreed takeover by amusement machines group Hawley Leisure of the Progreaslve Securities Investment Trust, that I discovered prominently displayed in the list of lucky Progressive shareholders the unfamiliar name of Roman Catholic Purpoaes Registered, holding a cool 22.37 per cent.

RCPR, it transpires, is the inveatment arm of the Society of Jesus. Anxious to flod out more about the size and distribution of the Jesuits' assets, I contacted the Society's Mount Street beadquarters. A civilised lunch elicited information about tbe social, educational and pastoral work of the English Province both in the UK and through missions in Zimbahwe and Guyana. As *regards* the *size* of the *funds*, however, I was met with an example of what their treasurer freely admits is the Jesuits' "deep-seated tradition of privacy and reserve."

Unlike the Church of England, which is an official state religion, the Jesults, be explained, are a private body accountable not even to tbe Roman Catholic faithful. "Things are changing bowever," he conceded, "and the day will come when we will be much more open. For the moment, suffice it to say that property and money are not part of a power game. We are by no means rich if you take into account *the* worldwide work which we supoort."

Standing down

In *the* traditionally discreet style one associates with the ordered displays of Gentlemen's Relisb and rows of sensible shoes, Fortnum and Mason has shed three worker-directors from its board.

But this is no coup, nor a blood-letting, says managing director David Jaggs. Douglas Hanney, Wallace Kean and Liliana Prescott, ha explains, have vacated their seats the better to tend their daily duties in charge of the provisions, exports aod fashioo departments. They will not, he adds, be replaced on the board.

Sinre profits dipped ao dramatically last year, cbairman Garry Weston of the *parent*, Associated British Foods, has been taking a special interest in bis showpiece shop. Slimming down tha direction, says Jaggs, is intended to briog Fortnum's management structure more into line with that at ABF, and also to *prime* the company for growth.

"We bappen to believe," be tella me, "that once we are clear of current problems the smaller speciality store of our size can go into expansion—what you bave seen here are the first stepa of planning for the futnre."

Falling out

The Turkish army greatly fancies itself as a haven of atolidity and calm from which will spring the defenders of the State sbonld the *endless* fends among its politicians rnn ont of control. But two of its leading commanders, retired and now in the Parliament, are noisily demonstrating that the military is far from immune from certain politicians' diseases.

A fortnight ago General Ali Elverdi, possibly trying to settle a few old scores, spoke scornfully of "rotten eggs" among the martial law commanders now *running 20 of the* country's 67 provinces. General Semith Sancar *promptly fixed* bayonets and charged. If Elverdi had been one of his atudents at war school, he said, he would never have passed him.

Now Elverdi has come bouncing back with the yah-boo information that be was indeed Sancar's student for two years and proffering to the house the intelligence that his former mentor—the man who led Turkey's Invasion into Cyprus—is now "*senile*," and a "meat bead."

While I await a comparably fruity riposte from Sancar, the nation is atill wondering when its members of Parliament will stop slanging one another for long enough to elect a President—a task they bave been fiddling with for the past six months.

Observer

David Fishlock considers issues raised by the high cost of new surgical techniques

A modern medical dilemma

WHEN DOES research on patients become a successful and economically justifiable new technique of medicine? The question is an old one which was given poignancy last week by a fresh furore over heart transplants at the annual meeting of the British Association for the Advancement of Science in Salford.

Following two more deaths in the £1m research programme of heart transplantation begun a year ago by two British heart centres — Papworth Hospital, Cambridge, and Harefield Hospital, Bucks — the expense and justification was challenged by the director of the Unit for Study of Health Policy at Guy's Hospital, London. Heart transplants were "tragically inappropriate if not obscenely irrelevant" to the problem of heart disease, alleged Dr. Peter Draper.

Heart transplants will probably never solve more than a small proportion of heart disease problems. The seat of the trouble usually lies outside the heart itself and the transplanted heart soon succumbs to the same trouble. Dr. Draper—a longstanding critic of the medical establishment—believes that Britain is lagging behind such countries as the U.S. and Finland in preventing the onset of much heart disease. He wants to see more Government resources channelled into preventive medicine rather than into heroic surgery on the very sick.

Transplants are not merely inappropriate for most cases of heart disease at present, they are so stressful, mentally as well as physically, as to seem unsuitable for anyone over 60. So the health service needs to take care that a disproportionate share of operating theatre resources are not channelled to helping the few at the expense of the many.

Ministers and senior officials of the Department of Health are acutely aware of the financial risks of experimental medicine. But they admit they are "just emerging from the Stone Age" in terms of being able to manage medical costs.

THE COSTS OF A HEALTH SERVICE HEART TRANSPLANT
(1978 figures)

	£
Pre-operative assessment	3,087
Operation + 27 hospital days	3,177
Staff: medical	983
nursing	3,241
ancillary	1,089
Pathology	170
Radiology	442
One-year outpatient follow-up	375
	£12,564
SPECIAL COSTS	
Additional hospital stay	2,520
Donor operation	551
Immuno-suppressive drugs	1,043
Cardiac biopsy	600
Total	£17,278

Source: Medeconomics, May, 1980.

Some well-established surgical procedures such as the removal of a lung for cancer have never been shown conclusively to prolong the patient's life. Few attempts have been made to cost accurately the price of curing the patient. About the best they can do much of the time is to try to spot the anomalies—for example, when a surgeon is trying something new and incurs expenses out of line with his previous performance. And not just surgeons—they were rocked recently when blood disease doctors ran up a bill of £60,000 for a novel medical treatment for two patients with haemophilia.

The Office of Health Economics, think tank of the pharmaceutical industry, pointed out recently that success in treating the cancer which causes leukaemia, by bone marrow transplants, threatens to become a financial embarrassment to the Health Service. It estimates the cost of a bone marrow transplant at £5,000-£6,000. In addition the patient requires preparatory treatment costing another £5,000-£10,000 before he is ready for the operation. Currently British hospitals are treating about 50 a year, but the economists estimate demand at 300-500 a year.

The "test-tube baby" technique for extra-corporeal conception by infertile women threatens to be still more embarrassing, for no life is at risk here. The technique, after 15 years' research by Dr. P. C. Steptoe and Dr. R. G. Edwards and only one or two successes, is still highly speculative. But with the researchers claiming a waiting list of 1,000 women for the pair of operations involved, the Department of Health has no doubt of the determination of infertile women to rectify their problem if the opportunity should ever arise.

Nevertheless, the men from the ministry say they want decisions on the allocation of resources for acute problems to remain at local level. They have great confidence in "peer criticism" within the medical profession to ensure that individuals do not make unwarranted demands on their cash. They point to the way surgeons with specialities ranging from life-saving kidney transplants at £30,000-£40,000 a time to cosmetic implants of silicone resin which enhance the contours of the female breast ask their colleagues: "Am I doing too many at public expense?" They have faith, they say, in professional pressure preventing consultants aspiring to be "hero of the day."

Sir Douglas Black, the former chief scientific adviser at the Department of Health, staunchly defended the two transplant research teams. Heart transplants were at the stage reached by kidney transplants three decades ago.

Sir Douglas himself speaks with considerable feeling, as the man who had to implement what is known in the trade as Rothschild's "customer-contractor relationship" for the funding of medical research. Lord Rothschild, as first head of the Central Policy Review Staff (Think Tank) in 1970, took a look at the correlation between British medical research objectives and hospital bed occupancy. He found none whatsoever.

Bigger say

His idea—that the Department of Health as the "customer," should have a much bigger say in how the medical scientists spent public money—was vehemently challenged by the researchers. They lost at the time. But an independent review in the late 1970s suggests that they won in the end. The best of them continued to pursue the kind of medical research that excites and motivates them, rather than research commissioned "in the public interest."

"The Rothschild principle has been tested and found wanting," concluded the British Medical Journal. All attempts to identify practical priorities for research had failed. Not least of the consequences is that the Department of Health is very wary today of trying to dictate what medical researchers should be doing; of designating either priorities or areas which they should avoid. The political pitfalls for the Health Minister hardly bear thinking about. "And we'd probably get it wrong too," says a senior official sagely.

The closest the department ever came to declaring a major area of research off-bounds was heart transplants. In 1967 Dr. Christiaan Barnard, the South African surgeon, performed the world's first heart transplant in Cape Town. He had learned the technique from Professor Norman Shumway, a Californian heart specialist who had spent nearly a decade perfecting on dogs an operation involving nine reconnections of major blood vessels.

Popular interest proved immense. Perhaps because poets have invested the heart with attributes other than merely being a 300-gram blood pump with an output of about 14,000 litres a day, people seemed genuinely astounded at the idea that surgeons might transplant a living heart. Dr. Barnard became an international hero. Other heart surgeons worldwide hastily assembled teams to prove that their heart surgery was abreast of the world's leaders. An epidemic of heart transplantation followed.

It proved to be an expensive failure. The complex technology of heart transplantation was not yet ready for transfer to another country, and certainly not ready to be transferred by a surgeon who had spent only a few months at the feet of the master craftsmen. Worldwide, the recipients of new hearts mostly soon died.

Within a matter of months British surgeons, research administration and Health Department officials came to what officials call a "gentleman's agreement" that heart transplants should stop until the Shumway technique was understood better. Other U.S. heart teams came to the same decision. The epidemic of heart transplants was over for a few years.

With infinite patience Professor Shumway continued during the 1970s to perfect his technique. He has now performed more than 150 heart transplants on people. His latest figures show that 63 per cent of his patients survive for a year, and 54 per cent for four years.

Last year Britain's heart specialists decided that it was time to try again. But this time, instead of the unseemly scramble for headlines of the late 1960s, they agreed to an orderly programme based on two surgical centres. They planned to perform a couple of dozen transplants apiece, then review the results of this experimental surgery. Out of about a score of operations one patient has survived a full year. Three have died. Their performance will have to improve quite a lot in the next year to approach the Shumway success rate.

The public still seems to find it astonishing that the heart can be exchanged. It shows far less interest in transplantation of organs with a much more complex function, such as the kidney—a thousand transplants a year in Britain—or the liver.

Watchful eye

The Department of Health is keeping a watchful eye on the costs. The operation demands a lot of skilled resources, not only at the operating table but to tailor and maintain a satisfactory regime of immuno-suppression—preventing rejection of the organ as a "foreign body"—for the recipient.

The accompanying table has been compiled by Dr. John Hampton, a heart specialist at Nottingham University Hospital, using Department of Health figures. It arrives at an estimate of over £17,000 for each operation (1978 costs). On this basis the current UK transplant programme could cost close on £1m—which compares with a total Medical Research Council budget of about £72m this year. The breakdown makes it plain just how expensive are the drugs, tissue tests, and the post-operative monitoring of the patient.

Even so, Dr. Hampton admits that his figures cannot reflect the full cost at this stage. "So long as a medical technique is new and exciting, doctors, nurses and technicians will happily work very unsocial hours to get something done." The enthusiastic heart surgeon himself will fly round collecting hearts—which, unlike kidneys, must be transplanted fresh—and work all night at the operation while continuing during the daytime with his routine list.

Dr. Hampton contrasts the current cost of grafting a £500 heart valve of plastic into a living heart. "Technically a heart transplant is not very much more difficult than a valve replacement, and the theatre time is comparable." According to estimates made by the London Hospital in 1978, it works out at £2,536. Some costs added in for transplants have been omitted, but big savings are made in nursing and in special drugs and tests to try to prevent rejection of the living tissue.

Which procedure is appropriate is a decision officials and ministers are adamant must be left strictly to experts. Where they do see the need to prod the professionals occasionally is at the opposite of the glamour spectrum, over the chronic complaints. The "Cinderella services"—the mentally handicapped and geriatrics, arthritis and nervous diseases, for example—which occupy so many hospital beds, are constantly at risk of simply being forgotten, and just being allowed to get worse and worse.

Letters to the Editor

Plight of the unemployed

From the Chairman of the Federation of Personnel Services

Sir,—You carried a report (Sept. 8) by the Association of Professional Employment Agencies on unemployment. The Federation of Personnel Services, which represents over 1350 private employment agency offices, totally dissociates itself from the extreme and dangerous views expressed in that report.

Unsubstantiated generalisations about the unemployed refusing to take jobs, wild attacks on the education system or misinformed criticism of the Government's job centres are an insult to the unemployed. Such comments do little to help those who are striving to improve the quality of our schools and job-finding services.

Of course, there are poor schools, inefficient job centres and individuals who exploit the welfare state, but that is no excuse for misleading the public by suggesting that these isolated deficiencies are widespread. Before attacking the unemployed, perhaps the people who compiled this report should spend a few days on the dole in Belfast, the North East or South Wales and see for themselves how desperately difficult it is to find a job.

The Federation of Personnel Services has itself given evidence to the House of Commons Employment Committee identifying areas of skills shortage and serious gaps in the country's training and education services. The Federation of Personnel Services has regular meetings with the Manpower Services Commission, civil servants and politicians at which it criticises various aspects of public policy and makes positive recommendations as to how improvements can be made.

It is in this way that the private employment agencies can play an active role both in helping to alleviate the problem caused by the economic recession and a shrinking labour market and in meeting the challenge that is offered by the new technology.

Edward Hurst.
Chairman, The Federation of Personnel Services,
120, Baker Street, London W1.

Link between jobs and costs

From Mr. G. Thompson

Sir,—Samuel Brittan, in his article on the real link between pay and jobs published on September 4, makes the point that some industrialists believe that labour costs are only a small portion of their total costs, a view that has widespread credence in the population at large.

This view is wholly mistaken. A logical analysis of the fundamental nature of costs shows that labour costs are a 100 per cent of total costs; there are no other costs. Only people require payment and costs which appear in a company's accounts as non-labour are in fact payments for the labour of people not employed by the business in question but by its suppliers. This is always the case if the trail is followed far enough. Even taxes are ultimately labour costs—

A wider appreciation of this point might promote a better understanding of the fundamental relationship between pay and jobs.

G. Thompson.
158, Pennsylvania Road, Exeter, Devon.

Terror in toothpaste

From Mr. David Fletcher

Sir,—There was a slightly flippant undertone to Mr. Waterson's article (September 4) on research and safety standards entitled "The Terror in a Toothpaste Tube" but the subject is one of importance all the same; and Mr. Waterson makes some valid points as when he rightly stresses the difficulty of linking convincingly cause and effect. This goes for the benefits, of course, as much as for the ill effects and springs from the impossibility of satisfactorily discovering and isolating the relevant data. Human beings, after all, cannot be treated as test animals and isolated in a laboratory from all other external factors.

There is also, not mentioned by Mr. Waterson, the time factor. Chronic poisoning may only manifest itself after 20 or 30 years and this makes any pinpointing very difficult. Another point Mr. Waterson might have mentioned is the mistake so frequently made of attempting to find a single cause for an effect when, as likely as not, that effect has been brought about by a multiplicity of causes, none of them particularly harmful in themselves but decidedly so in combination. For example, in view of Mr. Waterson's title, let us take the question of fluoride in toothpaste, possibly harmless enough for the majority of people on its own. But no product functions in a vacuum. When added to all the other minute amounts of poison that we daily accumulate from a great variety of sources, may not these small quantities of toxic substances prove to be, as it were, the last straw that will tip the scale between health and ill-health?

Mr. Waterson seems to be saying that because cause and effect in these cases cannot be easily co-related not too much notice should be taken of claims of ill effects arising from the consumption of commercial products. But surely it is this very uncertainty that demands that extra precautions should be taken. After all, we may live longer than our mammoth-hunting ancestors, as Mr. Waterson claims, but the health of most of us is hardly something to boast about.

David Fletcher.
19, Victoria Road, Brighton.

No place for animals

From Mr. Lesley Sargeant

Sir,—I agree with Mr. Waterson (September 4) that the present safety testing system for consumer goods is notoriously unreliable. Toxicity tests on animals have little scientific validity to man and, in many cases, are merely a thoughtless completion of standard protocols which have remained unchanged for 20 years. The only concession to demands for improved safety has been an increase in the number of animals used. In real terms there has been no improvement.

The fact that an estimated 80 per cent of cancer is environmentally induced illustrates the inadequacy of safety tests and the necessity to introduce efficient and reliable screening techniques.

Reliable and practical alternatives do exist. Non-animal techniques, such as tissue culture, computer modelling and bacterial tests for carcinogens, are fast becoming incorporated into standard protocols with subsequent reductions in cost and time taken for toxicity testing. A tenfold reduction in cost and a fivefold reduction in time is envisaged. (Dr. I. Muul et al. Science 1976 193:834) Clearly, this would lift the burden of expensive and time consuming animal tests currently hindering the manufacturing industry.

Recognising the need to rationalise and redefine current toxicity testing FRAME (Fund for the Replacement of Animals in Medical Experiments) has sponsored a committee of scientists to evaluate the present system and assess the potential of alternative techniques. Hopefully, the committee's recommendations will be widely accepted and lead to a safer, more efficient testing system to protect the public and the manufacturers.

Lesley Sargeant.
Scientific Officer FRAME,
(Fund for the Replacement of Animals in Medical Experiments),
312a Worple Road, London SW12

Refreshing journeys

From Mr. Adrian T. Lamb

Sir,—Rail fares, it is generally agreed, are fairly high, and one would think that some sort of inspection could be made of the train before it leaves, especially of the washing facilities and the lavatories. On a recent journey I made, I found the tops of both hot and cold taps had been removed — or, perhaps, "wrenched off" would be a better description — the foot pedal for flushing the lavatory had been torn out and the roller towel (there was no paper one) was broken and the towel had been pulled out so that the towel was trailing on the floor. It is obvious that vandals must enter the train with tools to do this damage for it would be impossible for anyone without tools to do it.

The first-class accommodation could do with more frequent cleaning, both on compartment-type trains and non-compartment type ones: usually the carpets in the non-compartment type (first-class, of course) are either nearly worn out or horribly dirty and the seats, incidentally, are no more comfortable than the seats in the second-class area. The compartment type trains suffer in first-class from careless smokers dropping ash on the seat, worn edges to the seats (from slovenly persons putting their feet complete with shoes on the seats immediately opposite them, which is, also unhygienic), spilled coffee/tea on the small table by the window and overflowing ash-trays and, more annoying to the long-distance traveller who may wish to sleep, rattling ash-trays and windows. Inadequate heating persists on nearly all trains in one area or another—or heating which, when switched "on," fails to produce any heat.

Does BR want you to arrive refreshed after a (so-called) first-class journey? I must confess that I doubt that you will.

Are there no cleaners or inspectors (for cleanliness) to be found on the staff at British Rail?

Adrian T. Lamb.
44, Portland Road, Leicester.

Subsidy for road users

From Mrs. J. M. Meguyer

Sir,—I have read the Press reports which say that Mr. Norman Fowler, Minister of Transport, is considering introducing a fixed Road Fund Licence to be levied on any motor vehicle, roadworthy or otherwise, in use or laid up provided it is owned by an identifiable person or legal entity.

I am sure that no one needs to be reminded that the Road Fund was established for the purpose of raising money to be applied to the maintenance and upkeep of the Queen's Highway, and the monies in that fund have been diverted to other purposes by successive Governments over the years.

There can be no doubt that any reasonable person would agree that this particular tax should be in proportion to the use of, and therefore the wear and tear on, the roads of this country.

The most equitable and economic solution would be the imposition of a surcharge on the price of fuel. This method would deal with the minority of road tax fiddlers, and enable a reduction in number of the notoriously inefficient army of civil servants at the Vehicle Licensing Centre in Swansea.

The Minister's proposal will penalise those who only make occasional use of our roads—students with limited resources, the pensioner, the weekend motorist, the motor caravanner, the owner of several vehicles who uses one for business and another for pleasure motoring in the summer months, the restorer and the conservationist.

I own and cherish a 20-year-old Jaguar which creates interest everywhere as a splendid example of what British craftsman used to build in the days before British Leyland. In summer I average under 1,000 miles in this car and at present I pay tax for the relevant four months.

There are thousands of others like me, many of them painstakingly restoring cars of historic value. In my own club there are more than 6,000 members like myself, most of whom pay for their hobby, as I do, out of taxed income or savings.

My elder son is in the middle of a three-year restoration of a Norton motorcycle which has been off the road for the past two years. Does the Minister of Transport seriously expect him to subsidise other road users, or, as one of the honest majority, expect him to pay for the dishonest minority?

The proposal is tantamount to a wealth tax because it would be a tax on ownership and, if implemented, would be nothing short of a betrayal of the principles by which the present Government was elected.

(Mrs.) J. M. Meguyer.
Pincholt,
36a, Nightingale Road, Rickmansworth, Herts.

Today's Events

GENERAL

UK: Mr. Peter Walker Agriculture Minister, speaks at Kendal.

Lord George-Brown addresses Westminster Chamber of Commerce lunch, London.

National Farmers Union publishes animal welfare book "Sense of Sentiment."

Mr. Denis Thatcher opens Chelsea Antiques Fair, Old Town Hall, SW3 (to September 20).

Sir Peter Gadsden, Lord Mayor of London, opens three-day City of London Flower Show at Royal Exchange.

Liberal Party assembly continues, Blackpool.

Burlington Antiques Fair, opens, Royal Academy, London (to September 17).

Water Pollution Control Exhibition opens at the Pavilion, Buxton (to September 12).

Laboratory 80 Exhibition opens, Grosvenor House, London (to September 11).

Overseas: Two-day talks open in Tokyo between Society of Motor Manufacturers and Trades and the Japanese Automobile Manufacturers Association to discuss economic outlook for UK and Japan.

OFFICIAL STATISTICS

Argyll Foods, The Stafford Hotel, St. James's Place, SW, 12. Associated Leisure, The Savoy Hotel, The Strand, WC, 12. Fobel, Hyde House, The Hyde, NW, 11. Maurice James Industries, Hotel Leofric, Coventry, 3. Montague L. Meyer, Charing Cross Hotel, The Strand, WC, 12. Moorgate Investments, 1 Brewers Green, Buckingham Gate, SW, 4. Rosgill, Anglesey House, Anglesey Road, Burton-on-Trent, 10. Sekers International, Connaught Rooms, Great Queen Street, W, 12. F. Wrighton, Brampton Works, Billet Road, E, 12.

COMPANY RESULTS

Final dividends: F. and C. Eurotrust. Land Investors, Sobranie (Holdings). Staffordshire Potteries. Zetters Group. Interim dividends: Barton and Sons, Bestobell. BICC. Bowater Corporation. Danish Bacon. S. F. Farmer Group. Pearson Longman. S. Pearson and Son. Pentos. John C. Small and Tidmas. Standard Chartered Bank. Wilson (Connolly) Holdings.

BTR sales and profits well ahead at midway

SALES OF BTR, the general rubber manufacturing group, rose from £219.6m to £250.5m in the first six months of 1980 and pre-tax profits were higher at £36.4m compared with £27.4m in the same period last year.

This time, the profit is before deducting exchange fluctuations of £1.6m.

The directors are effectively lifting the interim dividend from 4.125p to 5.25p—the total dividend last year was equal to 8.625p from pre-tax profits of £57.17m.

First half profits are after £786,000 additional depreciation charge arising from revaluation of overseas assets and a £566,000 credit being the share of undistributed profits of Bestobell based on the latest published accounts.

The Board says the half year results include substantial gains in all countries except the UK where the rate of improvement earlier in the year was not sustained against the prevailing reduction in demand. The strength of overseas earnings continues.

	First half 1980 £m	1979 £m
Europe sales	160.8	148.3
Western region	33.1	32.2
Eastern region	56.5	39.1
Total sales	250.5	219.6
Exchange fluctuations	9.2	—
Leaving	241.3	219.6
Europe profit	22.1	20.5
Western region	7.2	4.0
Eastern region	7.1	2.9
Pre-tax profit	36.4	27.4
Exchange fluctuations	1.6	—
Tax	13.9	10.7
Minorities	1.8	1.0
Attributable BTR	19.1	15.7

Lex, Back Page

RECEIVER APPOINTED

Mr. Anthony P. Locke of Robson Rhodes has been appointed receiver, under debentures of Lloyds and National Westminster Banks, for Orlake and Movitex Signs, the two principal UK subsidiaries of Movilex, the listed record pressing and signs company whose shares were suspended on September 3.

HIGHLIGHTS

Lex looks at a variety of multinational stories. The Canadian-based tractor giant Massey Ferguson shows further losses and Lex looks at its struggle to overcome debt restrictions and raise new equity. A sharp setback has hit the Hong Kong market after the summer rise, due to a sudden jump in interest rates. In the UK growth company BTR continues to forge ahead, thanks especially to its overseas operations. Lex also looks at the UK economy ahead of today's important banking figures and draws some lessons from yesterday's news on wholesale prices and retail sales.

Melody Mills falls and omits final

TAXABLE profits of Melody Mills, wallpaper manufacturer, slumped in the year to March 31, 1980, to £390,852, compared with £825,933 for the previous 12 months. Most of the setback occurred in the second six months when the surplus dropped from £515,933 to £160,852.

Despite a recovery in the second quarter of the current year, the directors consider it prudent to conserve resources and they have decided not to recommend a final dividend. This leaves the total for the year at 1p net, compared with an effective 3p after allowing for the one-for-one scrip issue.

At midyear, with profits showing a fall from £310,000 to £230,000, the directors said that the second quarter of the year had not come up to expectations. Demand was well below normal, they said, and competitors had utilised spare capacity to produce special offers at very low prices. This had made it very difficult to fully recover raw material and wage increases which had been taking place.

This situation had also affected the third quarter but the directors said at the time that the company had a reasonably full order book and they were making every effort to improve the situation still further.

Commenting on the full-year figures, the directors say the sharp reduction reflects a fall in demand, with lower margins both at home and abroad. The company has continued to suffer from special offers of wallcoverings at uneconomic prices, they add.

The position has deteriorated further in the current year, with the company trading at a loss for the first three months. However, the directors say the company is now trading at a profit and has increased its share of the market. The order book is reasonably good and substantial overtime is being worked.

Turnover for the 12 months showed a slight setback at £9.6m (£9.92m) and after a tax credit of £156,321 (£206,250 charge) earnings per 25p share are given as 13.73p (17.82p).

FIRST QUARTER SALES IMPROVE

Mr. Derrick Cowan, chairman of Cowan, de Groot, said at yesterday's annual meeting that first quarter sales were marginally ahead of this time last year, and barring any unforeseen circumstances, he again expected satisfactory results for the year.

Haynes' £0.2m shortfall: 7p dividend to be paid

AS REPORTED last week, turnover and profits of Haynes Publishing Group, fell short of estimation for the year ended May 31, 1980.

Turnover for the period was £4.52m (£4.1m) and the taxable surplus was £670,000.

Last November, in the offer for sales, sales within the range of £5.1m and £5.45m, and profits between £870,000 and £1.1m were forecast. On September 2, Mr. Frank Day, chief executive of Haynes' UK operations, publishing workshop manuals for cars and motorcycles, said, however, that profits were likely to be below the £797,000 for the previous year.

The directors now state that the first assumption, made in the offer for sale, which was that the seasonal trend of sales would be similar to 1978-79, did not occur in the home market as many customers at both the wholesale and retail level engaged in a policy of across the board product de-stocking of "unprecedented severity."

This occurred at a time when the company would normally have experienced an important seasonal increase in sales; the last quarter previously being responsible for a disproportionally large share of the year's profit.

The directors say the shortfall in projected sales in the last quarter was in excess of £550,000 and because of the importance to profits of these marginal sales, "this has led to a decrease of more than £300,000 on the minimum profit anticipated."

They believe, however, that the group has adequate resources for its current trading and expansion programme during the rest of 1980, and will not need to enter into agreements to secure loan capital to further growth.

First quarter home sales are more than 25 per cent higher, and following the period of de-stocking there is every sign of demand having returned. And the company is supplying major new contracts both in the UK and the U.S., which, they say, will have a beneficial effect on results for 1980-81.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
C. D. Bramall ......int.	2.05	—	2.05	—	6.25
BTR int.	5.25	Nov. 28	4.13*	—	8.63*
Carlton Inds. ......int.	4	Nov. 3	4	—	12
Matthew Clark	5.5	Oct. 11	5.5	7.5	7.3
Haynes Publishing	5	—	—	7§	—
London United ......int.	4	Oct. 21	4	—	9
Melody Mills	Nil	—	3*	1	3*
Metal Closures ......int.	2.2	—	2.2	—	5.4
Murray Glendevon int.	0.9	April 10	0.8	—	2.55
Murray Glendevon	1.75	Nov. 12	1.35	2.55	2.1
North Broken Hill	10‡	Nov. 28	8	18	12

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Australian cents throughout. § Against 6p forecast.

The directors say that to show the confidence they have in the long-term future of the company, the 6p forecast dividend total has been increased by 16 per cent to 7p net per 20p share, with a 5p final.

Earnings per share are shown as 11.1p (7.83p) after tax of £132,000 (£429,000). There was an extraordinary debit for the period of £107,000 (nil).

All other major assumptions made in the offer for sale were rendered invalid, the directors say. The NGA dispute in April cost the company some 150,000 books, and UK inflation and strong sterling also affected results.

These setbacks, combined with heavy expenditure in the U.S. on increased editorial output—the benefits of which will not be felt until late 1980—caused the profits fall.

In the U.S., however, sales were up by 39 per cent and profits were at satisfactory levels.

The establishment of an editorial team in America, to originate workshop manuals for vehicles manufactured there, has been accomplished on a larger scale than had originally been envisaged, and new titles will shortly be coming through on a regular basis which will contribute to the group's development, the directors state.

● comment

The market may forgive but should not forget these very poor results from Haynes. Disastrously short of the prospectus forecast and 16 per cent below the comparable period, the figures are hardly a happy read, especially as the latest profit includes a £36,000 exceptional credit. However, Haynes management may be forgiven. The NGA strike, adverse dollar pound parities and, most importantly, drastic retailer destocking in the final quarter have worked to upset the November forecast. The prospectus gave some indication of how vulnerable Haynes is to marginal sales at its present size and these figures really do bring that lesson home. But if marginal sales worked against Haynes last year the build up of the U.S. market could swing the balance in a big way. The potential seems there. The U.S. market is six or seven times bigger than the UK and Haynes has only carved out 15 per cent of the market against 70 per cent at home and a lot of the costs of establishing itself in America have already been written-off. It could be good but after yesterday the market will undoubtedly be cautious and at 128p a p/e of 11 is hardly cheap.

Carlton's £1.8m half-time drop

Despite sales ahead from £54.25m to £57.24m in the six months to June 30, 1980, taxable profits of Carlton Industries, the battery and whisky manufacturer and housebuilder, fell back in the period to £6.04m, compared with £7.85m the previous year.

The directors say the downturn in profits was mainly due to high interest rates and a reduction in demand for automotive batteries in the UK—interest charged was £2.6m against £1.59m.

They anticipate that destocking by battery distributors will diminish during the remainder of the year, traditionally the better selling period, and expect results for the second six months to show some improvement.

In his statement at the end of the last financial year, the chairman said it was impractical to forecast results for the current year with any degree of accuracy. But co-operation being received from every section of the group plus investment that was being made in all divisions, formed an encouraging base for future growth, he added. After tax reduced to £1.02m (£1.57m) and minorities of £447,000 (£356,000), attributable profit was down from £5.93m to £4.57m.

Stated earnings per 25p share are 17p (22.4p). The interim dividend is unchanged at 4p net. For the whole of last year a total payment of 12p was paid from taxable profits of £16.94m.

The sales and trading profit, £8.64m (£9.44m) for Carlton, a subsidiary of Hawker Siddeley Group, were: lead acid batteries £39.8m (£38.58m) and £4.69m (£5.99m); whisky £13.09m (£11.43m) and £2.65m (£2.29m); other activities £4.3m (£4.2m) and £27,000 loss (£62,000 profit).

● comment

There is some irony at Carlton in that the smaller whisky and housebuilding parts of the group have improved while the main corpus—lead acid batteries—has suffered a 21.8 per cent fall in trading profits. The battery problem, resulting from a mild winter and customer destocking, is one reason behind the group's pre-tax decline of 23 per cent. The other factor is a sharply higher interest bill. Carlton began stocking more automotive batteries in March, which has added significantly to interest costs. Meanwhile, volume in this business has fallen by 15 per cent in the first half of 1980. Group borrowings now stand at around £30m, up from £27m at this time last year. By year-end Carlton may see its pre-tax profits down as low as £14m against last year's £16.9m. This suggests an earnings multiple of nearly 12, a rating which reflects the planned bid from Hawker Siddeley next April; Hawker now holds 51.7 per cent of Carlton. A maintained total net would yield 6.7 per cent at 258p, hardly an exciting prospect.

Bramall slips in half year

Following an extremely difficult trading period, taxable profits of C. D. Bramall fell by £93,000 to £918,000 in the half year to June 30, 1980.

Mr. Tony Bramall, the chairman, says in his interim report that while it is difficult to forecast any significant improvement in the group's trading performance during the current six months, "there are areas of brightness which give hope for an outcome not too dissimilar from the results for last year."

Looking ahead, Mr. Bramall states that the new Ford Escort should, subject to reasonable supplies being available, give the group's sales departments a boost during the current six months.

The interim dividend is maintained at 2.05p net. Last time a total of 5.2578p was paid from pre-tax profits of £1.78m. Earnings per 25p share are given as 17.2p (18.1p), after a tax charge of £882,000 (£928,000).

Matthew Clark improves but will not forecast on current year

After deducting customs and excise duty of £21.24m, compared with £22.44m, turnover for Matthew Clark and Sons rose from £30.89m to £32.63m, for the year to April 30, 1980. Pre-tax profits of the wine and spirit shipper and merchant and British wine maker improved from £2.23m to £2.66m.

Pre-tax profits for the first eight months of 1979-80 were up from £1.68m to £2.17m. Directors said in their interim report that although it was not expected that this rate of growth would be maintained during the final four months, the profits for the full year were likely to be higher than those for 1979.

The tax charge this time was £1.45m, against £940,042 last time. The attributable profit was down from £1.01m to £842,867, after minorities of £364,110 (£267,015). The total net dividend is increased from 7.3p to 7.5p by a final of 5.5p.

The directors say sales of spirits and ginger wine have remained disappointing during the first four months of the current year. In these conditions, they say it is not possible to forecast how 1980-81 will turn out.

● comment

The 19 per cent increase in profits at Matthew Clark is attributable entirely to J. E. Mather, the British wine business. Even the higher minorities figure does not indicate the full extent of Mather's trading improvement as its tax charge is a good £½m higher owing to a deferred tax write-back. The factors which helped Mather towards the end of the year, downtrading in particular, have been squeezing the company's Martell agency. Industry figures show sales of British wine rose by over a quarter in the final six months of Clark's year, in sharp contrast to the stagnant spirits position. Clark has, however, negotiated more favourable credit terms on Martell supplies so, while stocks were substantially higher, year-end borrowings were cut back by around £1m to £1½m. Clark's dependence on the continued growth of the British wine market is a little worrying but the fully-taxed p/e of around 6 is not asking a lot. At yesterday's price of 136p, the shares yield 8.2 per cent.

ROTAPRINT TO LIFT BORROWINGS

The directors of Rotaprint propose to increase the borrowing powers from £2.93m to £4.39m. Borrowings at March 29 this year totalled £2.87m.

The Board considers that the increase will prove a necessary freedom of action although it is not intended to increase the actual borrowings beyond what is strictly necessary for the immediate purposes of reorganisation.

An extraordinary meeting will be held immediately after the annual meeting on September 19.

W. E. Norton confident

DESPITE THE setback last year Mr. W. E. Norton, chairman of W. E. Norton (Holdings) is certain that conditions will soon return in which the group's special strengths can be used to maximum advantage and in which progress can be resumed.

The chairman adds that when buying confidence returns Norton will be able to give immediate delivery from stock of many types of machines, whereas manufacturers will require considerable lead time to build up production and effect deliveries.

Norton is streamlining its organisation and costs wherever this can be achieved without damaging the ability to capitalise on future opportunities. "Our group has many strengths," Mr. Norton says, "and we are geared to move fast as soon as the market begins to move."

As reported on August 6, the company incurred a taxable loss in the year to March 31, 1980, of £247,000, compared with a profit of £749,000 for the previous 12 months. Shareholders' funds showed a fall from £2.97m to £2.67m, but bank overdrafts increased to £2.22m, compared with £1m.

Champness Cowper and Co., the group's auditors, point out that the accounts have been drawn up on a going concern basis which assumes that the group's bankers will continue their facilities at the present level and that the company is able to operate within these limits.

EVANS & OWEN £4,500 PROFIT

For the year ended March 31, 1980, Evans and Owen has turned in a profit of £4,559, against a loss of £95,734 in 1978-79.

The company, which runs fashion boutiques, pushed up its turnover from £1.45m to £1.95m.

There are tax credits this time of £31,420, compared with £6,913; plus extraordinary credit £33,821. Earnings are shown at 7.5p (loss 18p) per share.

SPAIN

September 5	Price %	+ or −
Banco Bilbao	228	
Banco Central	261	+6
Banco Exterior	210	
Banco Hispano	229	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	265	+3
Banco Urquijo	138	
Banco Vizcaya	240	
Banco Zaragoza	220	+5
Dragados	109	+1
Espanola Zinc	70	−1
Fecsa	63	+0.50
Gal. Preciados	33	−0.50
Hidrola	68	+0.30
Iberduero	63.50	+0.50
Petroleos	111	
Petroliber	80	
Sogefisa	107	
Telefonica	61.50	+0.30
Union Elect.	68.20	−0.30

MINING NEWS

North Broken Hill has another good year

BY KENNETH MARSTON, MINING EDITOR

AS INDICATED at the half-way stage, a further strong earnings performance for the year to June 30 has been turned in by North Broken Hill, the Melbourne mining and investment house in which a 10 per cent stake is held by the Consolidated Gold Fields group.

Net profits before extraordinary items have advanced to A$48.6m (£23.5m) from A$29.9m. The extraordinary items are mainly of a surplus on disposal of investments which brought in A$64.4m.

North Broken Hill is paying a final dividend of 10 cents to make a year's total of 18 cents which compares with 12 cents for 1978-79.

The gross profit from lead-zinc-silver mining operations rose to A$51.58m from A$29.78m. But after New South Wales royalty and income tax have taken their bite, the net figure comes out at A$15.87m against A$10.88m; a crushing answer to those in Australia who seek higher mining taxation, claiming that the companies are making too much money out of irreplaceable natural resources.

Net investment income and equity in net profits of associated companies rose by 73 per cent mainly as a result of higher dividends from Alcoa of Australia and increased profits of Associated Pulp and Paper Mills, Broken Hill Associated Smelters and EZ Industries.

North Broken Hill takes a confident view of the current year. It is pointed out that although the prices of lead and silver are below their recent record levels, the historically high price of silver "should ensure another good result from the North mine." At the same time the major investment companies are doing well. Shares of North Broken Hill eased 6p to 190p yesterday.

Agnico-Eagle's rising profits

EARNINGS of Canada's gold and silver-producing Agnico-Eagle Mines continue to stride ahead in line with the precious metal prices. Second-quarter net income of C$2.47m (£880,000) has raised that for the 1980 first half to C$7.03m, equal to 50.6 cents per share, from C$2.5m in the same period of last year.

Gold production in the latest period fell slightly to 28,418 oz from 30,429 oz a year ago as a result of lower ore grades but the decline was partly offset by an increase in ore milling. The group's silver division produced 125,406 oz of silver, against only 47,198 oz last time.

Agnico-Eagle proposes to sink a new shaft at its Eagle mine to provide access to the south-easterly extension at depth of the main orebody in the Telbel portion of the gold property. Work is to start before the end of this year and the shaft, together with plant and underground development, is expected to cost some C$6m.

Meanwhile, interesting gold values have been obtained at the Serem joint venture in British Columbia where exploratory drilling work continues. Agnico-Eagle paid a second dividend of 15 cents per share in May (the maiden payment was of 10 cents in 1979) and expects this year's production targets to be met. The shares are currently around a year's high of C$19.

PHILIPPINES URANIUM

Australia is to give substantial help in a five-year search to find and define prospective uranium mining areas in the Philippines.

An agreement in principle has been reached between the two countries for Australia to provide more than half of the 34m pesos (£1.9m) planned investment.

Australia will provide technical experts, technology to conduct airborne and radiometric surveys, and training.

In Manila, Rufino Bomosang, chief of the uranium and coal division of the Bureau of Energy Development, said the formal agreement was expected to be signed this year and work would start in the first quarter of 1981.

The first area to be surveyed will include the northern part of the main island of Luzon and the islands of Mindoro, Catanduanes, Polillo and Masbate, all in the central Philippines.

Bomosang forecast that the project would pave the way for more detailed exploration by private sector companies.

ROUND-UP

Broken Hill Proprietary is to go ahead with a steam coal mine for export markets at Saxonvale, near Singleton, New South Wales. The mine will begin production in 1982 and initially will supply Japanese and Korean companies. Output should reach 4.5m tonnes a year by 1986 for a total investment of nearly A$300m (£145m). Preliminary talks are now under way with other overseas customers to secure markets for the whole of the planned production.

* * *

Talks were due to begin last night between strikers and management at the Consolidated Gold Fields group's Renison tin mine in Tasmania. About 450 men have been on strike for some two weeks over a pay claim. The strike is losing Renison production of some 100 tonnes of tin in concentrate a week.

* * *

World Bank finance will be made available for a copper and zinc ore mining project in Ecuador. The International Finance Corporation, a World Bank affiliate, and Metallgesellschaft of West Germany, will each lend $1m (£413,000) to the Compania Minera Toachi which has been carying out a small copper and zinc mining project south of Quito. The Ecuadorian company plans to more than double its output to about 60,000 tonnes of ore a year.

* * *

The business of East Rand Consolidated in South Africa has been transferred to a wholly-owned subsidiary, African Exploration Investments. The local incorporation of the branch's assets is intended to place it in a better position to take part in South African mining and development. The net value of the East Rand Consolidated assets in South Africa at the end of 1979 was R313,800 (£172,000).

OIL AND GAS NEWS

Double Eagle/Warrior leap on Alaskan oil hopes

BY STEPHEN THOMPSON

OIL AND gas share markets were highlighted yesterday by the remarkable performances of two Canadian companies, Double Eagle Energy and Resources and Warrior Resources.

In London, Double Eagle followed Friday's spectacular 190p rise with another of 190p and closed at 610p while Warrior, up 75p on Friday soared 100p to 380p.

Both companies are registered in Vancouver, British Columbia, and are traded in London under Rule 163(1)(e).

The surge of buying demand followed an announcement on Friday that an exploration well drilled in the Cook Inlet of Alaska — Simpco-Kaldachebuna No. 1—has encountered "potential hydrocarbon bearing zones, as evidenced by wireline logs, confirming the oil shows logged during drilling."

Logging is the electric recording by downhole instruments of the physical properties of the penetrated formations and their fluid content.

The well is currently at a depth of around 11,647 feet and is drilling ahead to a target depth of 12,500 feet.

Double Eagle and Warrior says that the logged zones will be tested for productive capacity upon reaching total depth. They expect drilling and testing to be completed in two to three weeks time.

Double Eagle has a 62.5 per cent working interest in the well, which will reduce to 37.5 per cent, while Warrior has a 22.5 per cent holding in Double Eagle and the option to purchase 7.5 per cent in any further wells in the concession area. Santa Fe Energy has the remaining 37.5 per cent in the discovery well.

As well as searching for oil in Alaska, Warrior/Double Eagle are involved in oil and gas exploration in Oklahoma. There the companies' Gill No. 1 well in Seminole County encountered both oil and gas.

The third exploratory well, in Oklahoma, Simpco-Ponder No. 1, has been plugged and abandoned, while a fourth well, Simpco-Krannig No. 1 was scheduled to reach target depth of 6,600 last weekend.

* * *

Australia's International Mining Corporation (IMC) has discovered oil-shale on its Bungobine prospect near Mount Coolon in Queensland.

The prospect covers 109 square km and IMC has applied for authorities to prospect in the general Mount Coolon region covering a total area of 1,560 square km.

According to IMC reconnaissance drilling on the prospect has produced shale containing up to 133.90 litres of oil per tonne at a depth of less than 55 metres.

IMC says that the shale was hit by three holes which indicated it is up to 10.36 metres thick and probably continuous over a distance of six kilometres.

However, IMC added that it is not known whether there are further shale deposits below the intersected horizon as the drilling ended just below it. A further drilling programme to determine the extent of the oil-shale commenced yesterday and is to continue to December.

At another oil-shale site, the Suttor River prospect, around 60 km north of Mount Coolon and covering 320 square miles, two out of six drill holes encountered low grade oil-shale.

* * *

The Netherlands subsidiary of Union Oil of California has made another oil discovery in the Dutch sector of the North Sea.

The well, Q/1-9 was drilled by Union Oil Company of the Netherlands and flowed at a rate of 1,941 barrels of 26.4 API gravity oil from an interval between 4,853 and 4,889 feet. The discovery is in the Q/1 Block in which Union already has announced two commercial discoveries, the Helm and Helder fields.

Further appraisal drilling in the Q/1 block is planned before development plans will be completed. Q/1 is held jointly by the Union subsidiary of the Royal Nedlloyd group of the Netherlands.

* * *

The fourth and last of a series of wells to determine the extent of the Dullingari Murta oil accumulation was spudded last Friday. The well, Dullingari No. 8/DM4 is located 3 km east-north-east of Dullingari No. 7/DM3, which was plugged and abandoned last week. Target depth is 5,200 feet.

Interests in the well are Santos, 50 per cent, Delhi Petroleum, 30 per cent, Vamgas, 10 per cent and South Australian Oil and Gas, 10 per cent.

RESULTS AND ACCOUNTS IN BRIEF

FAMILY INVESTMENT TRUST—Results for six months to July 31, 1980: Gross revenue £28,527 (£188,319) including deposit interest and underwriting income £74,780 (£52,581). Net earnings for ordinary £128,314 (£108,102) after tax £72,056 (£58,587), expenses £25,319 (£21,351) and loan interest received £838 (£299), equivalent to 2.92p (2.46p) per share. Interim dividend 2.4p (2p) to reduce disparity—last year's total was 6.55p. Net asset value per share 123.3p (120.7p at January 31, 1980).

HOUSE PROPERTY COMPANY OF LONDON—Interim 1p (same—total 4.5p) for 1980. Net rental income for half-year to June 30, 1980 £21,018 (£16,817). Surplus on sale of properties £11,776 (£61,748). Pre-tax income £32,788 (£79,348). Tax £6,000 (£17,500). During year, dealing subsidiary sold a completed detached house at Woburn and is currently working on the erection of 11 flats at Beckenham and the conversion of a mansion in Hampshire into four luxurious housing units. Reported valuation of group's properties is in hand.

OWEN AND ROBINSON (jewellary retailer)—Results for year ended May 31, 1980, already known. Shareholders' funds £682,701 (£648,319). Bank overdraft (secured) £81,708 (£69,012). Meeting, York, October 2, 3 pm.

NEW LONDON PROPERTIES (equity owned by Pearl Assurance)—Interim dividend 4p (3p), pay October 31. Revenue half year to June 30 1980, £745,556 (£831,485), before tax £385,394 (£336,078).

PALMERSTON INVESTMENT TRUST—Net group surplus year to March 31, 1980, £21,050 (£27,771). Final dividend 1.135p making 1.729p (same).

BIDS AND DEALS

Mining Supplies' offer values Scott at £6.2m

BY REG VAUGHAN

MINING SUPPLIES, the Doncaster based mining machinery manufacturer, has lauched a full bid for Laurence Scott, the loss making electrical machinery and control gear maker. This move comes 3½ months after Mining Supplies took its share holding in Scott up from 4 per cent to 27.18 per cent in a buying operation known as a dawn raid.

Mining Supplies is offering 8 of its shares for every 17 Scott shares. At yesterday's close of 140p (down 3p) for Mining Supplies, the bid values each Scott share at 65.88p and compares with Scott's closing price of 66p, up 6p. On this basis the shares not already owned by Mining Supplies are valued at £4.5m and the entire Scott equity at £6.2m.

To comply with the takeover code, there is a cash alternative of 60p per Scott share— the highest price paid by Mining Supplies for Scott shares in the past 12 months.

Mr. Paul Tapscott, chairman of Scott, said yesterday he was "not surprised" by the bid announcement, but the "price on the face of it is an undervaluation." The latest Scott accounts show a net asset value of 195p per share after allowing for a property revaluation.

In a holding statement, Scott is advising shareholders to take no action until they hear from the board. The directors, who are being advised by Samuel Montague and Co., expect to reply to the bid by the end of the week. There has been no contact between the two companies since the raid on Scott's shares by Rowe and Pitman in May.

Both Adwest Group, with 7.64 per cent of Scott's shares, and Prudential Assurance with 5.47 per cent, were reserving their positions on the bid yesterday.

Mining Supplies and Scott have substantial areas of common interest. Scott provides Mining Supplies with electric motors and other related items and also does a lot of work for the coal mining industry, an area where Mining Supplies is heavily involved.

Mr. Arthur Snipe, chairman of Mining Supplies, said yesterday that the acquisition of Scott would help build up the group's work market. Mining Supplies already had important development contracts with Scott and he wanted to develop these.

Mr. Snipe felt that the deal would be to the advantage of Scott shareholders. "The group has been going downhill more each year and may have further to go. The record is not good," he said. Mr. Snipe was critical of the recent revaluation carried out by Scott, describing it as "window dressing."

In the year ended March 31, 1980, Scott showed a pre-tax loss of £1.87m compared with £1.35m, after a second half deficit reduced from £881,000 to £801,000. Of the year's deficit, the engineering dispute cost around £1.1m, while losses in the control gear and heavy motor businesses cost around £1m together. The group was looking to an upturn in the current year after a small loss in the first half. Turnover in 1979-80 rose by 6 per cent to £39.3m, which the directors said reflected a fall in volume and competitive pricing worldwide.

For Mining Supplies, 1979-80 saw a strong recovery in the second half. The year's pre-tax profit went up from £2.27m to £3.31m on a turnover of £24.5m against £20.4m. Profits in the first half fell by £670,000 to £551,000 due to the engineering strike.

JEFFERSON SMURFIT

Jefferson Smurfit, the Irish paper and packaging group, is to further increase its shareholding in the Alton Box Board Company of the U.S. This is in accordance with an agreement made in July 1979, when Smurfit took its interest in this Illinois-based company up from 27 per cent to 51 per cent.

The tender offer, of $22 per Alton share, will be made for at least 373,333 shares which would result in Smurfit owning 67½ per cent of the outstanding shares. If additional shares are tendered, Smurfit intends to purchase up to 662,856 shares, which would increase its ownership of Alton to 80 per cent.

Racal plans security expansion

SUBSIDIARIES IN Italy, France and the U.S. have been set up by Racal-MESL Security, part of the Racal Electronics group. The object is to take advantage of the growing security market.

Sales by Racal-MESL Security, which is one of the world's largest makers of infra-red security sensors, increased by 46 per cent last year.

Racal-MESL, which exports 86 per cent of its production in the UK, manufactures sensors which can detect the presence of an intruder either by movement — using microwaves — or by body heat — using infra-red.

The company believes that it must operate in the countries it serves to maintain its strong market position.

Also the security industry is forecast to be worth £2bn by 1981 and has been growing at a rate of more than 10 per cent a year.

Its new U.S. company will be based at Rockville in Maryland. The U.S. is the world's largest security market while Italy is in second position. The Italian subsidiary will be based in the North of Milan, in the industrial area of Italy. The high incidence of kidnapping — especially of industrialists — and terrorism — makes this a good market for security.

In France, Racal has taken over its main distributor Electrofirm, which is based in Paris.

St. George's share block changes hands

The directors of St. George's Laundry, together with the Armstrong family which successfully fought off a takeover last year by Provincial Laundries, have placed much of their holding in friendly hands.

Mr. Peter Dellar, a property dealer once linked with Mr. Malcolm Horsman, and Mr. Philip Dobson have agreed to buy 600,000 shares (26.7 per cent) at 60p and join the board.

A further 18.27 per cent has been placed with investment clients of Simon and Coates and the family and directors will keep 26 per cent.

Provincial holds 16.12 per cent after making first a full offer and then a partial bid in November last year. That leaves only 13 per cent in independent shareholdings.

During the contested bid battle St. George's carried out a professional valuation of its properties which threw up a surplus over book value of £800,000. According to the directors at the time this surplus would have produced net tangible assets of 71p a share.

Yesterday in the market the shares rose 19p to 65p.

SHARE STAKES

AC Cars — Goldheath now holds a further 16,500 shares, making total holding 329,290 (16.46 per cent).

Harrisons and Crosfield—The Kuwait Investment Office has acquired a further 134,500 ordinary shares and now has an interest in 3,800,917 (6.5 per cent).

Mixconcrete (Holdings) — Mr. J. H. Mackaness, director, disposed of 53,000 ordinary shares.

Crest Nicholson—B. A. Skinner, director, has disposed of 108,731 shares and P. C. Nicholson, director, 6,000 shares.

Automotive Products — The Emmott Foundation has purchased a further 100,000 ordinary. E. G. Barratt, M. Keeble and J. B. Emmott, directors of AP, are directors of Emmott Foundation.

Gold and Base Metal Mines—Mr. Edward Nassar and his associates are beneficially interested in 308,500 shares (5.008 per cent).

Manson Finance Trust—G. R. Hirshman and C. Crutwell (trustees of the E. E. Goldie Settlement) have sold 25,000 shares, G. R. Hirshman and C. Ralton (trustees of the L. Goldie Settlement) have sold 25,000 shares. E. E. Goldie has sold 25,000 shares and L. Goldie has sold 25,000 shares. E. E. Goldie and G. R. Hirshman are directors of Manson. The beneficial interest of A. Lawson, director, has been reduced by the sale of 225,000 shares.

Slough Estates—D. M. Millis has been allotted 53,838 ordinary following his exercise of an option under the executive share option scheme. Mr. Millis gave instructions for the sale of 39,838 shares and the renunciation of 2,000 shares in favour of his children, both of whom are over 18 years of age. Mr. Millis retained 12,000 shares.

MACKINNON PREF.

On September 5 Dawson International had received acceptances from 77 shareholders in respect of 80,200 Mackinnon of Scotland 7¼ per cent preference (53.47 per cent).

Dawson has declared the offer unconditional. It will not be increased but will remain open until September 24.

FOSECO/UNICORN

Foseco Minsep announces that the offer for the preference shares of Unicorn Industries has been accepted in respect of 158,858 shares (39.7 per cent). The offer is extended to September 29.

Metal Closures' profits slip to £2.56m midway

TURNOVER OF Metal Closures Group, metal aod plastic products maker, principally for packaging, rose from £29.88m to £33.74m but pre-tax profits for the first half of 1980 slipped to £2.56m, compared with £2.78m.

Mr. John Boden, chairman, says there is no way in which the packaging industry can expect te be sheltered from the general recessien; a rapid decline in customer requirements bes reached a significant level in all areas of the group's UK business.

"Stringent remedial ectien haa heeo taken, as there are no signs in the fereseeable future that the present trend is *diminishing*." The chairman adds that these conditiens must result in lower UK profitability, to seme extent offaet by buoyant overseas earnings.

Half-yearly earnings per 25p share are shewn as 7.19p (10.02p) but the interim dividend is unchanged at 2.2p net—last year's final payment was 3.2p paid from pre-tax profits of £5.81m.

Tax, et £964.000 (£674,000) is at a higher rate since it is anticipeted that ne benefit will arise from stock appreciatien relief In the current year.

After minorities of £142,000 (£93,000) and preference dividends ef £7,000, the attributeble balance was down frem £2m te £1.45m, of which the interim will absorb £443,000 (same).

● comment

Although Metal Clusures is one step away from the consumer trade it has been hit by the retail squeeze as its customers reduce erders. The group's food and drink packaging products, particularly for whisky makers, have suffered while plastic packaging fer the textile industry has also been hit. In the first six months of 1980 it was the South African operation which saved the day: e contributien of around £900,000 from SA represented a 56 per cent increase and held the group's profit decline to only 8 per cent. UK packeging profits were down at least 25 per cent meanwhile and this trend could continue in the second half. In eddition, the group has made 400 of its 3,000 werkferce redundant in the first balf ef this year, a cost which will show up at year end. The poor summer weather will also reduce earnings end the full year pre-tax profit could be down to £5m er less against lest year's £5.8m, suggesting e fully taxed p/e of 8.7—unexciting with a prospective yield ef 8.5 per cent at 93p. But the cempany does have reasonable balance sheet strength end ne berrowings, a good positien to be in during the current recession.

BOARD MEETINGS

The following compenies heve notified detes of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Officiel indications are not aveilable as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: BICC, Barton and Sons, Bestobell, Bowater, Danish Bacon, S. W. Farmer, Pearson Longman, S. Pearson, Pentos, Reckitt and Colman, John C. Small and Tidmas, Standard Chartered Bank, Wilson (Connolly).

Finals: F. and C. Eurotrust, Land Investors, Sobranie, Staffordshire Potteries, Zettars.

FUTURE DATES

Interims—	
Bifurcated Engineering	Sept. 15
Booker McConnell	Sept. 12
Breedon and Cloud Hill Lime Works	Sept. 19
Canning (W.)	Oct. 13
Corinthian Holdings	Sept. 18
Eagle Star	Sept. 17
Executex Clothes	Sept. 15
Federated Land	Sept. 15
Liverpool Daily Post & Echo	Sept. 18
North British Canadian Investment	Oct. 3
Rio Tinto-Zinc	Sept. 17
Schroders	Sept. 11
Solicitors' Law Stationery Society	Oct. 2
Ward White	Oct. 3
Finals—	
Bracken Mines	Sept. 12
Chambers and Fargus	Sept. 15
Kinross Mines	Sept. 12
Leslie Gold Mines	Sept. 12
St. Helena Gold Mines	Sept. 12
Unisel Gold Mines	Sept. 12
Winkelhaak Mines	Sept. 12

Illingworth Morris still cutting inventory levels

TO COMBAT the high level of interest rates and to reduce bank indebtedness at Illingworth Morris and Co., the policy nf cutting inventory levels which started last October will be continued ruthlessly, Mr. Donald Hanson, chairman, says in his annual report.

Stocks last year were reduced by £5m and targets have been set which could lead to a similar reduction for the current year.

The group's balance sheet as at March 31, 1980 shows stocks at £34.14m (£39.03m) with overdrafts at £22.34m (£21.34m). Shareholders' funds amounted to £25.92m (£29.69m).

A loss before tax of £2.46m was incurred in 1979-80 compared with £3.36m profits previously. External sales amounted to £109.72m egainst £120.8m.

Despite the absorption of funds by the losses, the group has not increased the level of berrowing, the chairman says. Trading cenditiens have been far from ideal but the chairman believes the pelicies which have been edopted to strengthen the group will begin to bear fruit in the current year.

Wool merchanting traded very profitably in 1979-80 but topmaking and combing were seriously affected by the decline for worsted type fabrics and therefore corrective action had to be taken to bring productive capacity into line with demand. Westbrook Lanolin traded profitably, maintaining its position as a world leader in the refining and marketing of the by-products of woolgrease.

With the exception of the *highly efficient operation* at Daniel Illingworth and Sons, the worsted spinning units were subject to major ratienalisatien and during the course of the year four units were concentrated into two. This was an expensive exercise but the reduced capacity and the efficiencies creeted by the concentration will enable the units concerned to improve their return en capital employed, the chairman says.

Due to a reductien of over 40 per cent in the worsted manufacturing base, the group is now appreaching the level warranted by assessments of world-wide demand. The operation has been costly and, apart from the specified reorganisation and extraerdinary costs, also included many indirect expenses which have been taken as trading losses. Woollen units have continued at a satisfactory level of profitability and the everall outlook remaina favourable.

The clothing division continued to progress well and contrary to the overall trend in this sector, maintained profitability. Cloth merchanting domestic sales were well maintained. To enhance future profits, the total merchanting function has now been concentrated in the West of England.

In May this year, Leon Block Company was *formed to* act as a vehicle for the sale of luxury cloths produced by members of the group. Leon Block is well established already in the top quality ladies' clothing market selling to major department storea.

Directors anticipate the Leon Block company to expand and to increase the use of IM products and the promotion of the IM name throughout the U.S.

Future capital expenditure authorised for the group but not contracted, amounts to £1.33m (£533,000) and £865,000 (£844,000) contracted but not provided.

The accounts also show a £35 000 payment as compensation for loss of office.

Large shareholdings in the group are held by Mrs. P. [illegible] Maaen, D. N. Ostrer, G. A. Lightman, Woolcombers (Holdings) and Lothbury Investment.

Meeting, Shipley, West Yorkshire, September 30 at noon.

Robinson Brothers setback

PRE-TAX REVENUE ef Robinson Brothers (Ryders Green), the erganic chemicals manufacturer, fell from £810,000 to £435,000 fer the balf year te June 28, 1980. Turnever was £6.58m, compared with £6.23m last time.

The directers say the decline in profits reflects the onset ef an adverse trend in trading conditiens which is increasingly affecting the whole of the company's industry.

This trend is intensifying and the cempany can expect little, if any, addition te after-tax profit in the second balf, the Beard adds.

Based on the estimated results fer the year to January 3, 1981, the directors believe there will be no corporation tax payable in respect of this year.

Murray Glendevon pays more

REVENUE of Murray Glendeven Investment Trust improved from £368,636 to £463,770 in the year ended *July 31, 1980*, befere tax of £161,356 against £147,077.

A final dividend of 1.75p lifts the year's total from 2.1p to 2.55p. The directors are also declaring an *interim dividend of* 0.9p (£0.8p) fer the current year.

Stated earnings per share are 3.07p against 2.24p, and 2.96p (2.14p) assuming full conversion ef the "B" erdinary shares.

Dividends for 1979-80 absorb £254,461 (£207,523) and £239,683 against £186,730 is carried forward.

Net assets at July 31 ameunted to £15.31m (£12.38m) and net asset valne per ordinary and "B" ordinary is 147.6p against 119.5p.

J. Dyson capital spending

MR. G. A. LOMAS, chairman of J. and J. Dyson, says completion is near of the largest capital expenditure programme in the group's history, mainly to enable the manufacture of high-technology refractory products.

During the current year, these products will be seld on a werld-wide basis and should make a significant contribution to group profits, the chairman adds.

However, the economic recession, high interest rates, Inflatien end the strength of sterling are affecting activities. The present conditions are a challenge but the chairman is certain the gronp has the necessary technelegy and management expertise to deal with the situation.

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	62	—	80	80	—	—	356p
BP	330	34	2	60	1	66	—	"
BP	360	17	22	36	1	60	—	"
BP	390	8	80	23	—	—	—	"
Com. Union	160	17	13	25	1	30	—	174p
Cons. Gold	500	80	3	103	15	125	—	566p
Cons. Gold	550	60	46	73	17	90	17	"
Cons. Gold	600	22	51	48	1	—	—	"
Courtaulds	70	8	—	6	—	9½	3	21p
Courtaulds	90	¾	—	1½	20	—	—	"
GEC	330	184	2	196	—	—	—	501p
GEC	420	94	6	116	—	—	—	"
GEC	460	56	1	84	—	104	—	"
GEC	500	30	6	56	—	76	—	"
GEC	550	16	6	34	2	52	—	"
Grand Met.	120	37	23	43	—	—	—	154p
Grand Met.	140	16	—	26	5	61	—	"
Grand Met.	160	2	10	14	—	20	5	"
Grand Met.	180	1½	—	6	7	12	—	"
ICI	390	5½	—	12	—	24	2	364p
Land Secs.	353	34	6	46	26	—	—	372p
Land Secs.	390	12	16	27	—	43	—	"
Marks & Sp.	80	27	1	26	—	—	—	105p
Marks & Sp.	90	17½	1	21	1	26	—	"
Marks & Sp.	100	6	30	15½	—	12	—	"
Marks & Sp.	110	5½	—	7½	26	11½	—	"
Shell	420	16	57	52	—	44	1	410p
Shell	460	6	33	20	—	50	—	"
Totals			425		139		22	
		November		**February**		**May**		
Imperial Gp.	80	7½	50	11½	—	12	—	84p
Lonrho	94	12	125	16	—	—	—	97p
Lonrho	104	7	52	11½	15	—	—	"
Lonrho	114	6½	—	6	2	—	1	"
P. & O.	140	7	4	11	—	14½	—	131p
Racal Elec.	220	111	3	120	—	—	—	322p
Racal Elec.	280	65	41	71	—	84	—	"
Racal Elec.	300	39	41	66	25	76	—	"
Racal Elec.	350	20	89	39	—	55	—	"
RTZ	500	22	24	46	1	67	—	"
Totals			416		43		—	

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UK COMPANY NEWS

London United falls at midway

TURNOVER OF London United Investments for the half year to June 30, 1980, was down from £7.37m to £6.03m. Pre-tax profits fell from £1.45m to £1.34m, after group overheads totalling £253,000, compared with £235,000 last time, and including associated profits amounting to £67,000 against £15,000.

After tax of £633,000 (£693,000), the attributable balance was £710,000 (£740,000). The interim dividend is held at 4p net per 20p share—last year's final was 5p, paid from pre-tax profits of £3.3m.

The directors say the recovery of the U.S. insurance market has been much slower than anticipated. However, with cautious optimism, they anticipate an improvement of profitability in the second half, both at home and abroad, and look forward to the future with confidence.

● comment

With 90 per cent of its premium income generated in the U.S., London United is being seriously squeezed by dollar/sterling parity. Underwriting produced a profit of little over £100,000 in the first half, far outweighed by the loss of £260,000 incurred in the Collis Cold Container business. Investment and property income continue to prop up the figures but there are indications that the operating areas are improving. Collis Cold has been streamlined and a good deal of loss elimination should come through after the rationalisation costs are cleared away. The U.S. underwriting market is improving and, with the Jarrett acquisition and the Chicago associate making a significant second half contribution, profits for the year should at least be maintained. The exchange rate remains imponderable, however, and it seems unlikely at present that London United will be converting at close to last year's rate of $2.23. The prospective fully-taxed p/e of 7½, on a share price of 162p, is discounting a measure of recovery, while the yield of 8.8 per cent provides modest support.

Ariel Intnl. confident of further European growth

WITH the ultimate value of all planned investment properties and developments expected to total £117.3m on completion, the directors of Ariel International, office and shopping developer in Western Europe, say in their annual report that they are confident of continually improving results.

At the 1979 year-end the Rotterdam-based group, owned 50 per cent by Wimpey Property Holdings, held investment properties with a book cost of £33.9m in the Netherlands, West Germany, France and Belgium and the directors put the current value of these properties, based upon professional advice, at £50m.

Cost of development in progress was £20.4m at December 31 last with a projected final cost of £57.4m. The expected cost of all investment properties and development when completed is £91.3m.

The directors of Ariel, formed four years ago, disclose in their first annual accounts circulated beyond the shareholders, that turnover in 1979 was £2.6m including rental income of £1.1m. Profit for the year was £1.19m—there is no tax charge.

The group's policy has been to acquire land in prime positions in major cities for the construction of high-quality office buildings and shopping complexes. The group does not carry out its own construction work, placing this with local contractors.

During 1979 three sites were purchased in central Frankfurt for the development of office buildings with a proposed total area of 195,000 sq ft. The 290,000 sq ft shopping centre in Essen opened last November had been let by that date.

In the Netherlands, construction continues on schedule of an office building in Amsterdam of 204,000 sq ft. The refurbishment of an existing office building of 58,000 sq ft in Rotterdam was completed towards the end of the year.

In Utrecht, a development has been commenced and a further completed building acquired, which will provide 83,000 sq ft of space available for letting during 1980 and 1981. Both projects are already substantially pre-let.

A shopping centre was acquired in Belgium during 1979 and twin office towers are under construction in Lille, France, to provide 120,000 sq ft of office space.

Overall, the increasing flow of potential developments coupled with the greater availability of finance as a result of the group's strengthening balance-sheet points towards an increased level of activity, to a further strengthening in the company's balance-sheet and an improvement in reported profits for the future years, the directors state.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.320	6	3	—	—	—	—	F.309.50
AKZO C	F.22.50	40	0.40	22	1.30	—	—	F.22.20
AKZO P	F.22.60	20	0.80	36	0.90	5	1.50	"
AKZO P	F.26	59	3	80	3.20	—	—	"
AMRO C	F.70	10	0.50	—	—	—	—	F.65
KOOA C	$70	—	—	—	—	10	3⅜	$64¼
HEIN C	F.55	51	0.90	18	2	—	—	F.52.80
HEIN C	F.60	—	—	3	1.30	30	8	"
HEIN C	F.65	4	0.10	5	0.50	—	—	"
HEIN P	F.55	26	3.60B	20	4.60	14	6	"
HEIN P	F.60	17	8	—	—	—	—	
HEIN P	F.65	2	13.80	—	—	—	—	"
HEN C	F.42	3	4.50	—	—	—	—	"
HOOG C	F.15	—	—	—	—	6	1.40	F.14.10
IBM C	$60	5	7⅛	—	—	—	—	$66⅜
IBM C	$65	10	3¼	—	—	—	—	"
KLM C	F.60	10	4.80	—	—	—	—	F.64.90
KLM C	F.70	20	0.80	—	—	—	—	"
KLM C	F.80	3	0.20	—	—	—	—	"
KLM P	F.70	8	6.30	10	8.70	—	—	"
NATN C	F.110	9	6.90	—	—	—	—	F.115.60
NATN C	F.120	28	1.20	68	3.30	—	—	"
NATN P	F.120	—	—	—	—	26	7	"
PETR C	Fr.4500	1	340	—	—	1	6.50	Fr.4730
PETR C	Fr.5000	7	90	—	—	2	3.50	"
PETR C	Fr.6500	—	—	5	80	—	—	"
PHIL C	F.17.50	—	—	—	—	60	1.40	F.17.40
PHIL C	F.20	10	0.20	—	—	—	—	"
PHIL P	F.17.50	—	—	—	—	50	1.10	"
PHIL P	F.20	—	—	5	8.80	—	—	"
POLA C	$30	—	—	8	3	—	—	$29⅛
OLIE C	F.140	8	31.50	—	—	—	—	F.171.70
OLIE C	F.150	2	21.60	8	22	—	—	"
OLIE C	F.160	17	11.60	7	18	—	—	"
OLIE C	F.170	154	3.90	26	6	—	—	"
OLIE C	F.180	35	0.80	6	2.40	—	—	"
OLIE P	F.160	—	—	6	1.50	—	—	"
OLIE P	F.160	22	1.60	22	3.80	—	—	"
OLIE P	F.170	15	6.50	17	7.80	—	—	"
UNIL C	F.130	—	—	—	—	1	—	F.122
UNIL P	F.115	10	0.40	—	—	—	—	"
UNIL P	F.120	15	1.30	—	—	—	—	"
XERO C	$60	—	—	2	4	1	6⅞	$60⅜
XERO C	$70	—	—	—	—	10	2	"
		Nov.		Feb.		May		
MANN C	DM.150	—	—	—	—	8	5	DM124.80
OCCI C	$30	—	—	—	—	10	3¼	$27¾
SIEM C	DM.280.50	5	4	—	—	—	—	DM278.40
SLUM C	$140	10	6¾	5	11	—	—	$140¾
VW C	DM.170	5	2	—	—	—	—	DM176.50
TOTAL VOLUME IN CONTRACTS						1176		

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

MASSEY-FERGUSON

Still fighting the debts

BY ROBERT GIBBENS IN MONTREAL

MASSEY - FERGUSON, of Toronto, the world's third largest farm machinery producer, and owner of the Perkins diesel engine firm of Peterborough, UK, will now have to wait until the end of September before it knows whether it can pull together its U.S.$600m refinancing package.

Though the North American farm machinery market is starting to pick up from its short but deep recession, interest rates are rising again adding to the cost of servicing Massey's approximately $1bn of short-term debt.

Industry analysts now agree that Massey is in better operating shape after selling off several loss-making subsidiaries, including the Hanomag construction equipment firm in West Germany.

The company has reduced inventory worldwide by about $250m, shut down plants for several months this summer in North America and Europe, and has cut overall manning by about 20,000 to just below 50,000.

However, the company is still saddled with a swollen debt-equity ratio, twice the normal 1.5-to-1 yardstick used in the industry.

Since Massey showed a $257m loss for fiscal 1978, the company has been trying to raise new equity and bring down the debt-equity ratio nearer to normal, but the world recession and unreceptive financial market has made this task extremely difficult.

Hollinger-Argus Corporation, the big Toronto holding company controlled by the Conrad Black interests, holds nearly 17 per cent of Massey. It has indicated it would put up $100m towards the Massey re-financing while the Canadian banks, led by the Canadian Imperial Bank of Commerce, have also said they would support the refinancing.

It is believed the Canadian banks have put up between $300m and $400m in Massey short-term lending already. During the past two years the banks have been obliged to put up more short-term funds rather than call their loans and create an immediate crisis.

Because of the continuing delay, Massey must now ask all its lenders to ease safety margins on their loans. This in turn is because the Government in Ottawa and the Ontario Government have not yet decided if they will support the refinancing or bow.

However, from Massey's statement it is clear that talks with the Governments and negotiations for refinancing will continue and that the banks will accept the delay.

Both the Federal and Ontario Governments are anxious to avoid giving the impression they are willing to bail out any major Canadian company or employer in financial difficulties. They regard the $210m package of support for Chrysler Canada as a special case and still want help for Massey to come mainly from the private sector.

The trading environment for Massey may now be past the worst, and with a recovery in North America, the company foresees a break-even in operating results for the final quarter ending October 31.

In the first nine months Massey showed a net loss of $62.9m against a profit of $104m, including $95m special gain year earlier. Sales were $2.28bn against $2.09bn.

Soft market trims gain at Data General

By Our Financial Staff

DATA GENERAL the computer group, disclosed that because of a soft minicomputer market in the U.S., earnings for the fiscal year ending September 27 "may fall short" of projections of $3.50 a share by Wall Street analysts, but will be ahead of the previous fiscal year's $4.82.

Based on 10.5m shares outstanding, $5.50 a share would equal net income of about $57.8m. The previous year's per share net equalled $49.8m on sales of $507.5m.

The company expects the weak market to persist throughout at least the fiscal first quarter of next year. In the previous first quarter, Data General had net of $11.9m or $1.15 a share on sales of $137.1m.

Under Data General's fiscal arrangement, its first three quarters are 12 weeks each and the final quarter 16 weeks.

The company said the recession has reduced new orders for minicomputers and increased the number of deferrals and cancellations of some orders placed previously.

Consolidated Foods optimistic

LOS ANGELES — Consolidated Foods Corporation, the processed foods and consumer products group, expects net earnings in its first quarter ending September 29 to increase by about 10 per cent from the $31.5m, or $1.02 a share, earned in the same quarter last year.

Mr. John J. Cardwell, the president, said that turnover should rise by about 10 per cent from last year's first quarter figure of $1.3bn. He added that full-year net earnings and sales were also expected to increase by about the 10 per cent.

Mr. Cardwell said that between $190m and $200m in capital spending was planned for the year ending June 27, 1981, up from $1.59m in the previous year. Major spending projects involved the Douwe Egberts unit and the Shasta soft drinks and candy operations.

The Electrolux unit had been performing strongly and Mr. Cardwell expected "Electrolux to come through significantly ahead of last year, both in the U.S. and Canada." A new management team and new sales programmes for Electrolux had helped improve operations and the improvement would be reflected in the first quarter results.

The recession had, however, affected some operations, Mr. Cardwell said.

The frozen foods market, for example, was badly hit by the recession and Consolidated's frozen food business would be off in the first quarter compared with last year. Mr. Cardwell added that "softness in sweet goods" had been the most noticeable effect of the recession recently.

AP-DJ

Reynolds Metals sees downturn

NEW YORK—Mr. David P. Reynolds, the chairman of Reynolds Metals Company has said that second-half results would reflect the downturn in the general economy but with a record performance for the first six months, "We expect this to be our second best year in terms of earnings."

The company earned $110.2m in the first half, up from $97.7m in 1979. For all 1979 Reynolds had record net income of $177.1m or $9.25 a share on sales of $3.3bn.

Although industry aluminum shipments could be about 7 per cent lower for 1980 compared with 1979 some increase is expected in 1981 followed by a very strong year in 1982. In 1979 the industry shipped 14.4bn pounds of aluminum.

Reynolds and two other companies are considering the construction of a large scale alumium smelter in Western Australia. A feasibility study, being made at the request of the Australian Government, will be finished by the year-end.

The smelter would rely for its alumina supply on the Worsley project, a $1bo joint veoture in Western Australia.

Reynold has a 40 per cent interest in the project, which is scheduled to start up in late 1983 and reach full output in 1984.

The company is completeing arrangements for a $550m credit from a consortium of banks to finance the project.

Reuter

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INTERNATIONAL CAPITAL MARKETS

Accord on Nicaragua debt restructure

By Peter Montagnon

THE GOVERNMENT of Nicaragua and a steering committee of 13 international banks have reached agreement in principle on a restructuring of about $580m of Nicaragua's external debt.

The agreement covers only public sector debt outstanding at the time of the downfall of the Somoza Government in July 1979. It does not extend to debt then outstanding of Nicaraguan entities which have since been nationalised.

Details of the agreement, which have not yet been made public, were telexed to about 100 banks around the world over the weekend. The agreement follows many months of delicate negotiations.

All the banks involved in lending the $580m now have to consider and formally agree to the proposals, according to bankers in New York.

The steering committee includes a number of major U.S. banks, such as Bank of America, Bankers Trust, Citibank, First Chicago and Manufacturers Hanover, as well as banks in Europe.

Whitehall apprehensive of Brazil's borrowing policy

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

IF BRAZIL were to ask for large-scale international aid for the management of its foreign debt, now estimated to total some $55bn, Britain would press the Figueiredo Government to adopt strict orthodox policies of austerity, and cutbacks in public sector spending. According to senior Whitehall figures, Britain would expect to see the Brazilian authorities go to the International Monetary Fund and accept the policy recommendations given to them there. So far the Brazilian Government has argued that there is no need for recourse to the IMF.

There is scant sympathy in Whitehall for the official Brazilian view that the country's economy has to continue to grow fast in order to create jobs for the unemployed and consequently keep social discontent to a minimum.

Officials draw parallels between what they see as Britain's economic success since its acceptance of IMF formulas during the sterling crisis of the 1970s and the process that Brazil may well eventually have to go through.

There is no hiding official impatience in London with what is seen as irresponsible borrowing strategy by Brazil, and some apprehension about the effects on world financial markets of any move by Brazil unilaterally to ease its debt burden.

Officials in London are privately scathing about the political and economic effects of Pope John Paul II's visit to Brazil this year. They contend that he raised hopes among the mass of Brazilians of a redistribution of income and a general bettering of their lot when, they argue, the economy is in no shape to fulfil such expectations.

Tax deficiencies likely at Syntex

By Our Financial Staff

SYNTEX, the Panama-based pharmaceuticals group, said that the U.S. Internal Revenue Service (IRS) agent, which is examining the company's Federal tax returns for the fiscal year from 1974 to 1976, expects to propose "substantial" income tax deficiencies. The examination is nearing completion, Syntex added.

"Some of the issues which the IRS agent has indicated that he will raise, if applied to fiscal years from 1977 to 1980, would result in substantial proposed deficiencies for those years."

Syntex said that since it cannot now estimate that amount of any additional payments it would have to make, it has made no provision in its financial statements for the year ended July last.

The company said it feels it has "strong defences to most of the proposed deficiencies."

Syntex also disclosed that steady progress in earnings in the final quarter has left the group with a gain of 18 per cent to $75.1m, or $4.28 a share, in net earnings at the year-end. Sales, at $159.2m, showed a gain of 23 per cent.

The fourth quarter of the year brought earnings of $20.7m, or $1.18 a share, compared with $13.2m, or 76 cents, last time. Sales advanced from $128m to $159.2m.

Syntex said that the Food and Drug Administration has approved its prescription non-narcotic analgesic anaprox for marketing in the U.S.

The drug, used for treatment of mild to moderate pain and for painful menstruation, is the Syntex U.S. brand name for naproxen sodium, already available in several countries abroad.

Beatrice Foods acquisition

By Our Financial Staff

BEATRICE FOODS announces that agreement in principle has been reached under which Bob Evans Farms is to merge into Beatrice in an exchange of stock worth some $200m.

The agreement calls for the exchange of 1.63 shares of Beatrice common stock for each share of Bob Evans. Evans currently has about 5,616,000 outstanding shares and an additional 97,000 shares are subject to outstanding options.

The agreement is subject to approval of stockholders of Bob Evans and the boards of both companies.

Calgary Power rights issue

By Our Montreal Correspondent

CALGARY POWER, the Alberta electricity utility now fighting a takeover bid from Atco, the prefabricated industrial buildings manufacturer and contract driller, is making a rights issue of convertible second preferred shares to raise about C$146m in new capital. The ratio is one new preferred share for every six "A" and "B" common. Each new preferred can be converted into one class "A" common within the next five years.

The issue could create a further 7.6m common shares, and it will mean that Atco will have to seek more shares to achieve its goal of 54 per cent of the common. The Alberta Public Utilities Board must approve the new share issue.

INTERNATIONAL BONDS

Two Eurofranc FRN debuts

BY FRANCIS GHILÈS

TWO BORROWERS who have not borrowed in the Swiss Eurofranc market so far are completing floating rate notes in this sector.

Udruzena Beogradska Banka has completed a SwFr 20m ten-year issue through Soditic. The borrower is paying an interest rate of ⅜ per cent over the interbank rate. The minimum coupon has been set at 6½ per cent and the bonds priced at 99.

Banco Central de Costa Rica, meanwhile, is completing a SwFr 20m FRN which matures in 1990. The borrower is paying 1 per cent over the six-month interbank rate with a minimum of 7 per cent. Both the borrower and note holders can redeem the bonds annually at par from 1986. The issue has been priced at par by the lead manager, Banque Gutzwiller, Kurz Bungener.

The Austrian company, Voest Alpine, has arranged a SwFr 80m 10-year public issue through Credit Suisse. This bond, which has been priced at 99½, carries a coupon of 5⅞ per cent. It was reduced from an indicated figure of SwFr 100m. This reduction underlines the difficulty Swiss bankers are facing when arranging issues for borrowers who are frequently in the market.

Secondary market prices were a little weaker today, by about ⅛ of a point. In the other hard currency sector, Deutsche Mark foreign bond prices were slightly weaker on the day.

The Republic of Panama is arranging a $25m seven-year FRN in the Asian dollar market through a group of banks led by Yamaichi Securities, First Chicago Asia and Singapore Japan Merchant Bank.

The borrower is paying a coupon of ¾ per cent with a minimum interest rate of 6½ per cent. The maturity of the bond is extendable at the note holders option to 1990, when it can be redeemed at 100½, or 1992 when it can be redeemed at 101.

The coupon on Minolta Camera Company's $30m 15-year convertible Eurobond has been raised to 7.25 per cent from the originally indicated 7 per cent, with pricing fixed at par. Lead manager is Daiwa Europe. The conversion premium is 9.53 per cent.

The issue has also been sweetened for investors by a fixed yen/dollar exchange rate of Y224.45 to the dollar, compared with yesterday's rate on foreign exchanges of around Y217.00.

Trading in the dollar sector, particularly where straight dollar bonds were concerned, was described by a number of dealers as "completely dead" yesterday. Longer dated bonds weakened more than shorter dated ones but all finished the day about ½ of a point down.

In the sterling sector most issues gained between ⅛ and ½ of a point with dealers reporting good demand from abroad.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¼ 90	50	85½	86	−0⅛	+0⅛	13.43
CECA 11½ 88	100	95	95½	−0⅛	+1⅜	12.47
Citicorp O/S Fin. 10 86	300	90⅞	91⅛	0	+1⅛	12.26
Con. Illinois O/S 9½ 86	150	89	89½	−0⅛	+1½	12.43
Denmark 11⅛ 90	100	93⅛	93⅝	−0⅛	+0⅜	12.96
Dome Petroleum 13½ 92	50	100⅞	101½	−0⅛	+2	13.27
EEC 11 95	75	87⅜	88⅛	−0⅛	+1⅞	12.83
EEC 11 95	70	87⅝	88⅝	−0⅛	+1⅜	12.84
EIB 11¾ 92	80	91¾	92¼	−0¼	+1	13.18
EIB 13¾ 90	100	103	103½	+0⅛	+1⅛	13.10
Eksportfinans 11¼ 87	50	95¾	95¾	−0⅛	+1⅛	12.28
Eksportfinans 9½ 87	75	86⅛	86⅞	−0⅛	+2¼	12.50
Elec. de France 10 98	125	88⅜	88⅞	−0⅛	+1⅞	12.33
Export Dv. Cpn. 12⅜ 87	100	101⅜	102⅛	+0⅛	+2¼	12.29
Export Dv. Cpn. 9½ 86	150	90	90⅜	−0⅛	+1⅜	12.04
Federal Dev. Bk. 12¼ 85	75	100⅛	100⅝	−0⅛	+0⅛	12.02
Fin. Exp. Credit 10⅛ 85	50	92½	93	+0½	+0½	12.57
Finland Rep. of 9½ 86	100	87⅛	87⅝	−0⅛	+1	12.75
Ford O/S Fin. 12⅜ 85	250	97⅞	98½	−0⅛	+1½	13.14
George Weston 13½ 87	30	†99¾	100¼	−1	+0⅛	13.46
GMAC O/S Fin. 11 84	100	96	96½	−0⅛	+0⅞	12.14
GMAC O/S Fin. 13⅛ 85	100	103	103½	0	+1½	12.35
Goodyear O/S 12½ 87	75	97¾	98¼	−0½	+0¼	12.93
Hudson's Bay 11½ 90	75	92¾	93⅛	+0⅛	+2½	12.77
IBM Canada 10⅛ 85	50	95½	96	−0⅛	+1½	11.68
ICI Fin. Ned. 11 83	100	97½	98	−0⅛	+0¾	11.96
Int. Harvester 12¾ 85	115	98⅜	99⅛	0	0	13.05
McGraw 13½ 85	75	100⅛	100¼	0	0	13.29
NorWest Ind. 13⅛ 87	50	99⅞	100⅛	−0⅛	+1½	13.55
Nova Scotia 10⅞ 90	50	91⅜	92⅛	−0⅛	+2½	12.20
OKB 10 85	50	93⅛	93⅞	−0½	+1⅜	11.78
Pembroke Capital 9⅞ 87	100	†87¾	88¼	−0⅛	+0⅛	12.30
Pemex 11½ 98	100	92⅝	93⅛	−0⅛	+0⅛	12.98
Quebec Hydro 11½ 92	100	91⅜	91⅞	−0⅛	+1¼	12.90
Repsteel O/S 11½ 86	100	88	88½	−0⅛	+0⅛	14.05
Roylease Ltd. 11½ 85	90	96¼	96¾	−0⅛	+1	12.23
SNCF 12⅜ 85	50	100¾	101½	−0⅛	+1⅞	12.04
Swed. Ex. Cred. 12½ 85	40	†101	101½	0	+1⅜	12.09
UB Finance BV 11 90	50	88⅝	89⅛	−0⅛	+1½	13.05
Unilever NV 9⅞ 90	100	84⅞	85⅜	−0½	+1½	12.44
World Bank 9¾ 85	200	91½	91¾	−0⅛	+1⅛	12.17
World Bank 10⅛ 87	300	91⅜	91¾	−0⅛	+1⅛	12.14

Average price changes... On day −0⅛ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	101⅜	102⅜	0	+0⅛	8.64
Australia 8½ 90	250	100⅛	100⅞	0	−1	8.04
BFCE 7¾ 87	100	98¼	99	+0⅛	+0⅛	8.02
BFCE 8½ 95	100	96⅞	97⅞	0	0	8.18
Brazil 8 87	150	90	90⅞	0	−0⅛	8.98
Council of Eur. 7¾ 89	100	94⅜	95¼	0	0	9.11
Denmark 7⅞ 88	100	98½	99¼	+0⅛	+0⅛	8.12
Denmark 8½ 92	100	99⅛	99⅞	0	0	8.31
EEC 7⅞ 94	225	96⅝	97½	−0⅛	0	8.22
Finland Rep. of 8 86	150	98⅛	99⅛	0	−0⅛	8.20
Iberduero SA 9 90	100	99⅛	99⅞	−0½	+0⅛	9.07
Kobe, City of 7¾ 89	150	94½	95	−0⅛	+0⅛	7.96
Kobe, City of 8 90	100	99⅝	100⅛	0	+0⅛	8.01
Mt. Bk. Denmark 8½ 90	150	99	99½	−0⅛	−0⅛	8.59
Norway 7½ 85	250	99⅛	99⅞	+0⅛	0	7.62
OKB 7¾ 89	100	94⅞	95⅝	+0⅛	+0⅛	8.13
OKB 8½ 92	150	99½	100⅛	+0⅛	+0⅛	8.26
Oslo, City of 8¾ 90	98	102⅝	103½	0	+0⅛	8.29
Sweden 9⅜ 87	200	105⅝	106½	+0⅛	−1	8.48
World Bank 8 90	700	98⅛	99	−0⅛	−0⅛	8.20
World Bank 7⅞ 90	250	97	97¾	−0⅛	0	8.28
World Bank 10 98	150	106⅞	107⅜	0	+0⅛	8.32
World Bank 10 90	200	109⅝	110⅛	0	−0⅛	8.43

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5⅜ 90	100	†98½	99	—	—	9.54
Bergen, City of 4¾ 91	40	†93	93½	−0¼	−0⅛	5.61
Bergen, City of 6 90	50	†102½	102¾	+0⅛	+0⅛	5.64
BMW Overseas 4¾ 91	100	†91⅜	91½	−1½	−1⅛	6.30
Buhrm'n-Tetterode 7 90	40	†104⅜	105	0	+0⅛	6.30
Caisse Nat. Tele. 4⅞ 98	100	†93	93¼	−1⅛	−0⅛	5.36
Copenhagen 4½ 91	60	†87	87¼	−0⅛	+0⅛	6.14
Council of Eur. 5 89	100	†95½	95¾	+0⅛	+0⅛	5.82
Denmark 5¾ 90	99	†100	100¼	−0⅛	+0⅛	5.73
EIB 4⅜ 94	100	†85½	86¼	+0⅛	+2½	9.92
Elet. de France 4⅜ 89	100	†94¼	94½	+0½	0	5.18
F. G. H. Hypo. Bk. 6 90	50	*†103	103½	0	+3¼	5.58
Finland Rep. of 5⅜ 90	80	†95	95¼	—	—	6.30
GZB 4¼ 89	100	†88¾	89	+0⅛	+0⅞	5.89
Hilti 4½ 81	35	*92½	92¾	+0⅞	+1⅜	6.12
Int.-Amer. Dev. 4½ 89	100	*92⅛	92⅜	+0⅛	+1¼	6.63
Int.-Amer. Dev. 7 90	80	†105½	105¾	−1	+0⅛	6.20
Jutland Tele. 5½ 90	50	†98	98¼	−1⅛	−0½	6.76
Malaysia 5 89	80	*90	90¼	+0⅛	+2⅜	6.47
Newag 5⅞ 90	90	†102	102⅜	−0¼	+1½	5.46
Nippon Tel. & T. 4¾ 89	100	†94½	94¾	0	+0⅛	5.00
Norges Komm. 4⅞ 91	100	†89¾	90	+0⅛	+0⅞	5.63
OKB 4½ 81	100	*89⅛	89⅜	+0⅛	+1⅜	9.66
OKB 6 90	100	*103⅝	103⅞	+0⅛	+1⅞	5.48
Oslo, City of 4⅜ 91	100	†88¾	89	0	+1⅛	5.76
Philips Lamps 5¾ 92	100	†99½	99¾	0	—	6.29
Sekisui Pre. Hme. 6 90	80	†103½	103¾	0	+0⅛	5.51
Shikoku El. Pwr. 4¾ 89	100	†94	94¼	−1⅛	+0⅜	5.90
World Bank 4⅜ 89	150	†90	90¼	−0⅛	+0½	5.81
World Bank 4⅝ 91	100	†90	90¼	−0⅛	+0⅜	5.85

Average price changes... On day −0⅛ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅛	92⅛	0	−0⅛	8.70
Australia 6½ 98	20	88	89	−0⅛	+0⅛	8.64
EIB 7¾ 89	12	96⅜	97⅛	0	+0⅛	8.19
Finland 5.6 83	10	91	92	+0⅛	+0⅛	8.80
Finland 8.8 88	10	97¾	98¼	0	0	9.02
Finland, Rep. of 8⅜ 87	15	97	99¼	0	+0⅛	8.84

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 95 C$	60	92½	93⅛	0	+1	12.42
CIBC 13½ 85 C$	50	100¼	101	−0⅛	+0½	13.25
CIBC 11½ 85 C$	60	95¾	96½	+0⅛	+0⅛	12.59
Federal Dev. 11½ 90 C$	60	89¼	90¼	0	−0⅛	13.32
Fst. Can. Inv. 10 84 C$	50	†91½	92	0	+0½	12.91
GMAC 12 85 C$	50	†96½	97½	0	+1	12.84
R. Bk. Canada 10 86 C$	40	91½	92¼	+0⅛	+0½	12.02
Tordom Cpn. 13½ 85 C$	30	100⅛	101	0	+0⅛	13.26
M. Bk. Dnmk. 8 91 EUA	25	93⅞	96½	−0⅛	−0⅛	9.82
SOFTE 8⅛ 89 EUA	40	88½	89¼	0	+0⅛	10.19
U. Bk. Nrwy 9½ 90 EUA	18	99½	100½	+0⅛	+0⅛	9.48
Algemene Bk. 8⅛ 84 Fl.	75	96⅜	96⅞	+0⅛	+0⅛	9.29
Algemene Bk. 10⅛ 87 Fl	400	99½	100	−0⅛	+0⅛	10.29
Bk. Mees & H. 10 85 Fl	75	101	101½	0	+1⅞	9.66
Heineken NV 10 87 Fl	75	100⅛	100⅝	−0½	+0⅛	9.88
Norway 8⅛ 84 Fl	100	96⅛	96⅝	−0⅛	+0⅛	8.36
Philips Lamps 8½ 84 Fl	75	95⅞	96½	0	+0⅛	9.82
Aero Paris 13⅛ 87 FFr	150	99¾	100½	−0⅛	0	13.09
Air France 11 84 FFr	120	96⅜	97⅜	+0⅛	+0⅛	12.02
CECA 14¼ 86 FFr	150	106½	106½	0	−0⅛	12.68
Finland 11 84 FFr	80	93⅛	94⅛	0	0	12.91
Finland 11½ 89 FFr	70	93⅛	94⅛	0	+0⅛	12.71
Gaz de France 11 84 FFr	150	95⅜	96⅜	0	0	12.30
IBM France 11⅞ 84 FFr	120	95⅛	96⅛	−0⅛	−0⅛	13.14
Renault 9⅜ 85 FFr	100	88¼	89½	+0⅛	+0¼	13.01
Solvay et Cie 9⅜ 87 FFr	125	84⅜	85¼	0	−0⅛	13.20
Utd. Mex Sts. 14 85 FFr	150	100⅛	101⅛	+0⅛	+0⅛	13.61
Beneficial Fin. 14¼ 90 £	20	98	98¾	+0½	+2⅜	14.33
Citicorp O/S 13½ 90 £	50	98⅛	99⅛	−0⅛	+2⅜	13.68
EIB 11½ 91 £	25	88¼	89	+0⅛	−0⅛	13.54
Fin. for Ind. 12½ 83 £	30	95¼	96	−0⅛	+1⅛	13.35
Fin. for Ind. 14 88 £	20	101½	102¼	+0⅛	+1½	14.03
Gen. Elec. Co. 12½ 88 £	50	95⅞	96⅝	+0⅛	+1⅝	13.22
Peugeot SA 14 90 £	23	98⅞	99⅝	+0⅛	+2⅜	14.13
Rothschild 14¼ 90 £	12	98⅞	99⅝	0	0	14.38
Swed. Ex. Cr. 15¼ 85 £	20	102½	103¼	+0⅛	+1	14.28
Banobras 8¾ 90 KD	7	†93	93½	0	−1⅛	9.33
CCCE 8½ 91 KD	10	†94	94½	0	−0⅛	8.98
Sonatrach 8½ 90 KD	12	†92	92½	0	−1⅛	9.77
Akzo 9¼ 87 LuxFr	500	93	94	−1½	−1⅛	10.58
Euratom 8 87 LuxFr	500	87⅛	88⅞	−0⅛	−1⅛	10.63
Euratom 8¾ 88 LuxFr	500	87	88	0	−1⅞	10.23
EIB 9⅛ 98 LuxFr	500	97⅛	98⅞	−0⅛	−0⅛	10.05
Volvo 9⅛ 87 LuxFr	500	95⅞	96⅞	−0⅛	−0⅛	10.47

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0⅛	98	98½	2/1	10.44	10.62
Bank of Ireland 5¼ 89	‡0¼	97⅞	98⅜	21/11	11⅜	11.59
Bank of Tokyo 5¼ 89	‡0¼	97	97½	25/10	9⅛	9.51
Barclays O/S Inv. 5 90	0⅛	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 5 89	‡0¼	97½	98	29/11	12¼	12.53
Bilbao Int. NV 5¼ 90	0⅛	96¾	97½	25/11	10.06	10.36
Citicorp O/S F. 83	§‡0	99⅛	99⅝	23/11	11.44	11.51
Citicorp O/S F. 84	‡0	98⅝	99⅛	30/9	11.94	12.07
C. Itoh 5⅛ 87	0⅛	98⅝	99⅛	18/9	18.44	18.54
Co-operative Bk. 6 86	0⅛	98½	98⅝	15/11	11.44	11.63
Creditanstalt 5½ 91	§‡0¼	97⅛	98⅛	14/9	9.44	9.62
CNT 5¼ 86	§0¼	100	100½	18/10	18⅞	19.08
GZB 5½ 89	‡0¼	98⅝	98¾	1/11	8.81	8.96
Jugobanka 8 88	0⅞	90	92	23/11	11⅜	12.77
Ind. Bank Japan 5¼ 87	0⅛	99⅝	100⅛	16/10	18⅝	18.77
Lloyds Eurofin 8 90 £	0⅛	96⅛	96⅝	8/1	15⅝	16.34
LTCB Japan 5¼ 88	0⅛	98¼	98¾	13/12	9⅝	9.77
LTCB Japan 5½ 89	0⅛	97⅝	98⅛	7/12	10⅛	10.32
Mfrs. Han. O/S 5¼ 94	‡0⅛	97⅜	98⅛	30/11	12⅛	12.39
Midland Intl. Fin. 5 89	0⅛	97¾	98¼	20/12	9⅜	9.68
Midland Intl. Fin. 5¼ 92	0⅛	97⅜	98⅛	5/12	10⅞	11.11
Nacional Fin. 5¼ 88	0⅛	97⅜	97⅞	25/1	8.69	8.92
Nat West 5¼ 94	§0¼	99	99½	11/10	18½	18.77
Nippon Credit 6½ 86	0⅛	97⅛	97⅝	12/1	8.56	9.92
Nippon Credit 5¼ 87	‡0¼	98	98⅛	6/11	10⅛	11.07
Royal Bk. Scot. 5¼ 94	§‡0¼	98½	99	11/10	9.31	9.43
Soc. G. de Bque. 6½ 87	0⅛	98⅞	99⅛	3/10	20.06	20.24
Standard Chart. 5¼ 90	0⅛	99⅝	99⅞	6/9	17¼	17.31
Svenska Hndlsbk. 5 87	0¼	97½	98⅜	16/1	10	10.19
Sweden 8¼ 91	‡0⅛	†98⅛	98⅝	18/10	9.56	9.92
Williams & Glyn 5¼ 91	0⅛	98⅝	99⅛	14/9	18½	18.71
Bq. S. d'Alg. 4¼ 98 SF	0⅛	*†90	90½	18/12	6⅜	6.79

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†116	117	0	−6.53
Ajinomoto 7⅛ 95	2/80	615.5	122½	123½	−0⅛	−1.60
Alco Int. Fin. 9½ 94	1/80	40	93½	94½	−0⅞	15.23
Apache I. Fin. 8¼ 95	12/80	21.12	123½	124½	0	−3.35
Blocker Energy 8¼ 95	1/81	21.87	99	100	+0⅛	−1.65
Canon 6¾ 94	8/79	570	111	112	0	−0.07
Credit Suisse 4¾ 93	10/79	1278	113⅛	115⅛	+0⅛	−1.30
Daiei Inc. 6½ 94	11/79	927.3	97¼	98¼	+0⅛	23.22
DOKK 11 90	4/90	324	103⅛	104⅛	+0⅛	13.19
Dynelectron 9½ 95	8/80	12.22	113⅜	114⅜	−0⅛	−3.71
Enserch Fin. 9½ 94	7/80	30.25	129⅜	131	+2⅛	−1.38
INA Overseas 9⅜ 2000	4/81	42	96¾	97¾	0	8.42
Inchcape Ltd. 8 95	2/81	4.55	104⅛	106⅛	+1½	1.12
Me donsho Elec. 7 94	12/79	210	103	104⅛	−0⅛	−1.98
MEPC 8¼ 98	2/81	2.47	105¼	106½	+0⅛	6.16
Mitsubishi Cp. 6½ 94	10/79	549.1	131	132¼	−0⅛	0.75
Ricoh 6¾ 95	8/80	604	101⅛	102⅛	+0⅛	8.09
SBC 8⅛ 90	8/80	200	99	100	−0⅛	2.81
Toshiba Cpn. 7⅛ 94	10/79	198	107⅛	108⅛	+0⅛	−0.25
Union Bk. Switz. 6 88	2/80	121.4	101¼	103¼	−0⅛	2.47
Fujitsu 5 84 DM	7/79	475	109⅛	110⅛	+1⅛	4.84
Sharp Corp. 6½ 86 DM	9/80	595	106⅞	107⅞	+0⅛	3.38
Uny Co. 6½ 85 DM	11/79	1071	97⅞	98⅞	+0⅛	23.32

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

HOLLYWOOD EXPORTS

Riding high in Germany

BY PAUL HANNON IN FRANKFURT

MOVIE-MAKERS and distributors in the U.S. are riding an export boom, thanks largely to a growing European appetite for American feature films.

Non-U.S. rentals by the American film industry rose by 10 per cent to $909m last year, with Europe providing the driving force. Rental growth in the 10 major distributing countries amounted to 9 per cent, and Europe, through Germany, France, Italy, Spain and the UK, expanded by more than 20 per cent.

West Germany performed especially energetically, moving from fifth to first place in the league table of the 10 most important markets, with a rise in rentals of almost 40 per cent —to $97m from $70m.

Germany has always been a major market, but last year young Germans became the single most important overseas audience in the eyes of Hollywood accountants. Currently every second cinema ticket sold in West Germany is for a U.S.-made film. The domestic German motion picture industry, resilient as it is, bas been unable to match this performance and in fact only manages to take in about one-fifth of total box office receipts.

After the war, the U.S. film major re-established a presence in Germany through the Motion Picture Export Association of America (MPEAA) and presently form four aeparate entities: Cinema International Corporation (which includes Universal, Paramount, and MGM); Twentieth-Century Fox (with Disney); United Artists, and Waroer-Columbia. Three have head offices in Frankfurt (Warner-Columbia in Munich) but all have branch offices in the key major cities.

Post-war Germany saw a major revival in cinema attendance. U.S. distribntors expanded their foothold to claim a 80 per cent share of the market at its peak in the mid-1950s when over 818m tickets were sold annually throughout 6,000 cinemas. By the late 1950s, however, Germany's economic recovery was underway and cinema became less important. Almost as a reminder of the difficult reconstruction the cinema (like the bicycle) was put to one side.

Business slnmped to only 110m ticket sales by 1975, bnt although Hollywood held on to its market share better than its competitors, the state of the art in Germany was just sbort of disaster. Hollywood rescued German cinema by providing a long string of popular successes, enabling promoters and exhibitors to inject considerable capital into smaller, more comfortable cinemas both in central and suburban districts. German cinema audiences have since repaid Hollywood this debt with hefty rental revenues, enabling the cycle to continue.

—LEADING OVERSEAS MARKETS

Country	1979 $	1978 $
W. Germany	97.1m	70m
France	86.9m	74m
Japan	80.8m	95.4m
UK	79.4m	72.2m
Canada	75m	77.6m
Spain	59.7m	42.8m
Italy	58.9m	55.8m
Australia	40.1m	40.2m
Mexico	27.9m	28.1m
Brazil	26.5m	23.2m
	632.3m	579.3m

The German cinema market in 1980 bas changed radically from that of 30 years ago. It now consists of 3,100 cinemas selling approximately 155m tickets annually at DM 8 each (on average) to a young andience, 80 per cent of whom are between 12-18 years.

"Everything depends on the film," says Werner Rochau, director of promotions at United Artists in Frankfurt. "We can get an older crowd to something like Cuckoo's Nest or the Bond films."

United Artists distributes about two dozen feature films each year in Germany and also to the German speaking parts of Switzerland and Austria. Gross rentals for the company were approximately DM 30m last year.

"The key to American success, not only in Germany but throughout the world, is organisation," says Rochau. "A good network of distribntors and promoters for all the companias means success. Otherwise you wouldn't be able to see the latest James Bond movie in Hong Kong or Sonth America."

Every new United Artists production is screenad in Frankfurt and jodged on suitability for the German market. Between DM 120,000-DM 150,000 is spent on tailoring a Hollywood feature to local tastes. Dnbbing alone can cost DM 80,000.

"After tha war" says Rochu "no one was interested in bearing American voices in the cinema, but we loved the films. Hiatorically, dnbbing was the key to the break-through in the revival of minema-going in post war Germany." Perbaps only 1 per cent of U.S. films are screened in their original language form today.

"We are generally pleased with our turnover, but as a rule we need DM 1m in rentals per films to meet our targets."

The greatest threat to the recovery of cinema attendance lies in the growing use of video-cassettes. Whereaa some film companies are actually profiting from cassettes with the use of old library films, UA's experience is different.

"Within a week of one of our films opening in Germany we hear that it is available on the black market in cassette form. It might be a projectionist or people in dubbing studios selling it on the black market—we just don't know, and there's nothing we can do about it. Its something for head office to sort out. Meanwhile we are, literally, at the mercy of these people.

Although West Germany is the main overseas market for U.S. prodnctions, France, Japan and the UK together accounted for over $250m in revenues last year. The top ten overseas markets (see table) are valued at $632m er 70 per cent of total foreign rentals.

Of the total worldwide billings of nearly $1bn in 1979, approximately $450m-$500m found its way back to the U.S. The remainder went to finance offices, staff, credit lines, and investments in local infrastructure.

In the case of West Germany, finance for the Film Subsidy Plan emanates from a 15 pfennig levy on eacb ticket sala. Last year this subsidy, used to support the German film industry, amounted to DM23m—half of which came from U.S. films.

Total rentals in Germany for 1979 were up 39 per cent in U.S. dollar terms, but local business (in Deutche Marks) was ahead by 27 per cent, thus giving a 12 per cent currency conversion advantage to the U.S. distributors.

Similar exchange rate advantages were reported for Spain (with a 25 per cent improvement in local business plus a currency gain of 15 per cent) and for France (11 per cent gain in local turnover plus 6½ per cent exchange rate advantage).

Hollywood's recovery may not be as long lived as some bope. Complacency has been the cause of earlier disasters for the industry, and many realise that the shift in technology (to cassettes, pay-TV) could prove its undoing yet again. Product quality is still the most important element in the formulae for bealthy balance sheets.

The U.S. film industry is not under any out-dated illusions abont guaranteed audiences and market sbares. For many distribntors and production companies, decisions are calculated and made on the basis that there is no guarantees that someone in the future will be standing on the shore to throw them a line.

East Asiatic —Malaysian offshoot ahead

EAST ASIATIC company Berbad, the Malaysian offshoot of the Danish trading, industrial and shipping group, reported a moderate improvement in interim earnings but warned that the full year's results could be lower than those of 1979, writes Wong Sulong in Kuala Lumpur.

For the six months ended June, the company made a 16 per cent increase in pre-tax profit to 18.4m ringgit ($865m) on a 23 per cent rise in turnover to 139m ringgit ($65.35m). After-tax profit was only 8 per cent higher at 11m ringgit.

The erosion of margins came largely from the Dumex division, which manufactures baby food lines. A substantial increase in prices for imported raw materials as well as for local basic materials, coupled with the inability to obtain government approval for price increases, aeverely eroded margins. Costs in the Dumex division are expected to go up significantly and this could pull down profits for the full year.

EAC Berhad said its other divisions performed satisfactorily.

French steel sector lifts sales

BY TERRY DODSWORTH IN PARIS

FRANCE'S TWO big steel companies, Usinor and Sacilor-Sollac, have displayed significant improvements in productivity following their reorganisation in 1978, says a report from the industry's employers' association. Overall sales, in financial terms, went np from FFr 38.3bn to FFr 42.7bn ($10.3bn); bnt the survey adds that the industry remains heavily burdened by the cost of restructuring, and that its return to financial bealth will depend on the environment in 1980 and 1981. Last year output went up by 2.3 per cent to 23.36m tonnes. Despite the improvement on 1978, the industry was still working well below its record level of 1974.

At home, the French steel companies realised a significant improvement in sales, delivering 4.6 per cent more at 11.75m tonnes. Bnt they failed to increase their exports, while imports rose substantially. Exports actually dropped, by 1 per cent to 9.11m tonnes, compared with a 10.4 per cent rise in imports to 8,321,000 tonnes.

The most significant development on the production side was a continning trend towards output by electric arc furnaces (now accounting for 15.4 per cent of the total), and the pure oxygen process (almost 80 per cent). At the same time, special steels production went np by 8 per cent, and the output of magnetic plates, another specialised sector, by 5 per cent.

Despite the restructuring plan, which involved new funds for modernisation, investment in the industry dropped last year to FFr 1.9bn compared with FFr 2.3bn in 1978. These figures compare with the FFr 3bn spent in 1975. On the manpower side, however, the steel companies seem well on the way to completing the programme of reductions set out in the 1978 reorganisation. Almost 11,000 men left the industry last year to bring total employment down to 120,000.

Overseas activities boost Rabobank

BY OUR FINANCIAL STAFF

THE RABOBANK Organisation, which includea Centrale Rabobank, the Dutch agricultural co-operative bank, and 1,000 smaller banks in the Netherlands, said that its first-half net earnings rose 8 per cent to Fl 172m ($66m) from Fl 159m a year earlier. The group's balance sheet total rose 9.6 per cent to Fl 94.6bn in the first six months from December, 1979. This compares with a growth of 8.8 per cent a year earlier.

Rabobank said that the stronger growth was largely attributed to the bank's foreign activities. Its total income in the half-year period rose 12.7 per cent to Fl 1.44bn, while total expenses were up 12.8 per cent at Fl 966m. A total of Fl 151m was allocated to provisions for general contingencies, np from Fl 134m in the 1979 first-half.

Rabobank said that it experienced some recovery in its interest margins in the second quarter after a contraction in the first three months of the year. The bank said that its second-balf net earnings growth should be about equal that of the first half.

● WESSANEN, the Dutch food products group, achieved an 18 per cent increase in net profits to Fl 5.2m ($2.68m) for the first half of 1980 on turnover which was almost static at Fl 1.26bn ($650m). The company said that it expected 1980 as a whole to ahow a higher profit than last year, when net earnings fell 29 per cent to Fl 12.9m. Losses, then, were sustained in the cocoa processing sector and there were "serious problems" in the milk replacer division. It milk activities bad since been substantially run down.

Kredietbank plans free share issue

BRUSSELS—Kredietbank, the third largest deposit bank in Belgium, plans a 1-for-20 free share issue to raise the capital to BFr 2.63bn ($92.28m) by the transfer from the share premium account to the capital account of BFr 125.36m, the bank said. But a second proposed increase in capital, of BFr 2.40bn from the share premium account to the capital account, will raise the capital to a total of BFr 5.04bn, it said.

This increase will be without the creation of new shares, it added.

The proposals will be made to an extraordinary general meeting of the bank on September 25.

The bank said that 100,285 new shares will be created, identical in all aspects to current shares. But for the year in progress to March 31, they will only qualify for balf the profit.

Reuter

INTL. COMPANIES

Clyde pursues bid for PEL despite support for Peko

BY JAMES FORTH IN SYDNEY

CLYDE INDUSTRIES. the engineering group, has pressed on with its share offer for Production Equipment Limited (PEL), the material handling company, despite indications that the rival bidder, Peko-Wallsend, the mining and industrial concern, has already won the day.

Clyde is offering four of its shares for every three Production, which at Clyde's closing market price in Sydney yesterday, of A$3.40, puts a value on Production shares of A$4.33 each, and values the latter company at A$18.4m (U.S.$21.5m).

This compares with Peko's offer of one of its shares plus A$3.22 for every three Production shares worth A$3.44 a share. Both bidders have also announced straight cash offers —Clyde of A$4.15 a share and Peko of A$3.75.

Clyde has also indicated that Production shareholders can take either all shares, all cash, or a mix of shares and cash.

But the family of the founder, the late Mr. Walter Kranss has indicated that they intend to accept the Peko offer for their 57 per cent shareholding.

It is the second time the Kranss inetrest has stated it will accept a Peko bid. On the first occasion, Clyde had already announced an offer when Peko disclosed a lower counter bid and claimed to hold irrevocable agreements with the Kranss family.

Clydle took legal action, and Peko agreed voluntarily to release the family from any commitment. Clyde immediately pressed on with its cash terms, and announced a scrip issue in which Production holders could participate and said that its share offer alternative would he increased.

APPM cuts dividend

BY OUR SYDNEY CORRESPONDENT

ASSOCIATED PULP and Paper Mills ("APPM), the manufacturer of fine papers, has cut its dividend payment after an 18 per cent drop in profit from A$17.4m to A$14.3m (U.S.$16.7m) in the year to June.

The reduction was primarily attributed to the absence of past tax concessions, higher costs, and increased depreciation.

Sales rose 34 per cent from A$236m to A$317m (U.S.$370m) although the directors said that demand slackened towards the end of the year in the international paper market.

Pre-tax earnings actually rose 21 per cent to A$28.5m but without higher investment allowances on new plant, and the loss of the trading stock valuation adjustment, the tax provision jumped from A$4.5m to A$11.9m.

Earnings per share were clipped from 34.46 cents to 23.6 cents a share and the dividend has been cut from 19 cents to 15 cents.

Unexpected increases in the cost of imported wood pulp and fuel oils also affected earnings and forced the company to increase its prices.

Bumiputra issue by MUI

BY WONG SULONG IN KUALA LUMPUR

MALAYAN UNITED Iodustries (MUI) plans a one-for-one bonus scrip issue and a special issues to Bumiputras (Malays) that would raise its paid-up capital from 32m ringgit to 86m ringgit ($40m).

The scrip issue will capitalise on 32.1m ringgit from the share premium account, and is subjected to approval by the Malaysian authorities. The special issue to Bumiputras is of 21.77m shares of one ringgit, at a price still to be fixed, and to be approved by the Malaysian authorities.

MUI last month issued 3m new shares (valued at 10 ringgit each) to raise its stake in Central Sugars, the diversified Malaysian group, to 77.4 per cent, from 56.6 per cent, and 905,000 to take a 21.5 per cent stake in Southern Banking, a Chinese-owned, unquoted bank. The two deals together had a market value of about 40m ringgit (US$ 18.7m).

MUI is controlled by Datuk Khoo Kay Peng. Shares of MUI, like those of two other companies, Central Sugars and Pan Malayan Cement, which are controlled by Datuk Khoo, have seen active trading since this year, and have risen sharply.

Until early this year, MUI was a little known concern, running a small finance company and manufacturing paints, with its shares traded at slightly over 3 ringgit. Its shares began an upward climb when Datuk Khoo used the company in March to acquire control of Central Sugars, the refining and investment group. Yesterday MUI's share rose from 17.2 ringgit to 18.5 ringitt on the issue news, and closed at 17.9 ringgit.

For its first half, ended June, MUI made a pre-tax profit of 14.4m ringgit, and paid a 5 per cent dividend.

Survey shows higher profits in Japan

TOKYO — Japanese companies expect an average 23.1 per cent rise in profits before tax and special items for the half-year ending this month, on the preceding six months, according to a survey by the economic daily, Nihon Keizei Shimbun. In the previous six mooths average profits had fallen 1.6 per cent.

The survey covers 853 companies, excluding banks, security houses and insurance companies, listed on Japan's eight stock exchanges.

The expected rise follows a recovery in the electric power industry after a 51 per cent increase in domestic power rates last April. The yen's appreciation against the U.S. dollar and a rise in the operational rate of nuclear and hydro-electric power stations following reduced oil consumption, will also tend to raise profits, according to the newspaper.

The average profit before tax and special items would fall 5.7 per cent with electric power companies excluded.

Profits before tax and special items for the six months ending next March 31 are expected to fall 2.4 per cent from the current six months, while that of other than electric power companies will rise 14.5 per cent.

Oil, shipbuilding and heavy electrical companies, as well as electric power companies, had benefited from the yen's appreciatioo.

Other factors behind the recovery included private sector capital outlays for plant and equipment, and a slower rate of increase in the price of raw materials.

Reuter

AIRLINE FINANCE

BY GORDON G. KAPLAN

A new way to pay for aircraft

EUROPEAN airlines are facing a crisis in the financing of their capital equipment needs during the 1980s. They will require some $20bn to replace their ageing fleets with quieter and more fuel-efficient aircraft and to meet the expected growth in traffic during that period. At the same time, their financial resources are being squeezed between ever rising operational costs and public pressure for lower fares.

Claims on public treasuries to meet these financing needs will be resisted since governments have other financial priorities and may simply not be willing or able to provide European airlines with funds on the scale needed.

Finance from the private sector will also be inadequate since most lenders are reluctant to extend credit beyond six to eight years, whereas the economic life of aircraft and other airline equipment lasts well beyond that period. Thus although the hardware continues to produce revenues for 10 or even 20 years, the airlines must pay off the related debt in a much shorter time: this weakens the airlines' cash flow and curtails their access to fresh capital.

Moreover, lenders for even conventional periods must find their way through a maze of legal, tax and financial complications in various countries in order to make the loans and obtain adequate security. These obstacles to efficient financing are overcome—if at all—only at much time and expense to all parties.

New solutions to these problems are thus urgently needed: what is proposed is the creation—in the framework of an international treaty—of a common European agency through which airlines could borrow long-term capital equipment finance on international markets, and lenders could obtain a secure and uniform legal and tax regime for their loans.

Shareholders

In essence, the proposal is for European governments to become shareholders in a joint finance company, European Company for the Finance of Capital Equipment for Airlines (EUROFINAIR), which would use its own equity capital and loans raised on international markets to purchase aircraft and other major items of capital equipment for European airlines.

Upon purchasing such equipment EUROFINAIR would then supply it to airlines of member countries under hire purchase or conditional sale contracts for periods equal to its anticipated useful life. Payments made by the airlines under these supply contracts, which would be guaranteed by member governments, would be set at the level necessary to amortise the loans raised by EUROFINAIR, and to provide the joint finance company with a return on its equity capital and to cover its operational costs and financial reserve requirements. Ownership of the equipment would pass to the airlines upon final payment under the supply contracts.

The international treaty framework would grant EUROFINAIR, its debt instruments and equipment supply contracts a special legal and tax status uniformly applicable in all member countries. This "treaty status" would provide for:

● Recognition of EUROFINAIR's retention of title in the equipment as security until final payment under the supply contract;

● Tax exempt status of EUROFINAIR in its country of incorporation, and exemption from withholding taxes on dividends and interest paid to shareholders and lenders; and

● Exemption from withholding taxes on payments from the airlines to EUROFINAIR under the equipment supply contracts.

This proposal to internationalise finance for European airlines may appear revolutionary, but it is the offspring of an existing and well-proven scheme for the co-operative financing of European railway rolling stock—EUROFIMA (European Company for the Financing of Railway Equipment).

EUROFIMA was established following an international treaty in 1956 as a joint stock company formed in Switzerland whose shares are owned by the railway authorities of 16 European countries. The international treaty arrangements for EUROFIMA exempt it from taxation in Switzerland and exempt dividends to shareholders and the interest on bonds it issues abroad from any Swiss withholding tax.

The treaty arrangements also recognise EUROFIMA's security ownership of the equipment it supplies to the operating railways; exempt the equipment financing operations of EUROFIMA from any national taxes, import duties or levies which the member governments would not impose on equipment purchased directly by their railway authorities; and oblige member governments to take measures under their exchange controls to ensure transfers of funds for the operations of EUROFIMA. Under the treaty arrangements, each government is also directly liable for or guarantees payment under the contracts by which equipment is supplied to the railways.

EUROFIMA is thus able to marshal long-term equipment finance for European railways at very fine rates, as exemplified by its recent prospectus for the sale of Japanese yen bonds. The prospectus outlined 10 public bond issues by EUROFIMA in various currencies during 1977-1979 for terms of between seven to 15 years at interest rates of from 3.75 per cent to 8.50 per cent. Total borrowings in this manner during the two years were over $450m in various currencies. During the past decade EUROFIMA has borrowed more than $1.9bn through such public bond issues.

The financing arrangements which have proven to be so successful for EUROFIMA could be readily adapted for the finance of European airline equipment. A EUROFINAIR system could also provide other significant advantages as well:

● Common ownership of aircraft, spare parts, engines, and other capital goods would facilitate equipment exchanges and pooling arrangements among operating airlines.

● Equipment purchases through EUROFINAIR would reduce the political pressure governments can exert about the "source" of the purchases.

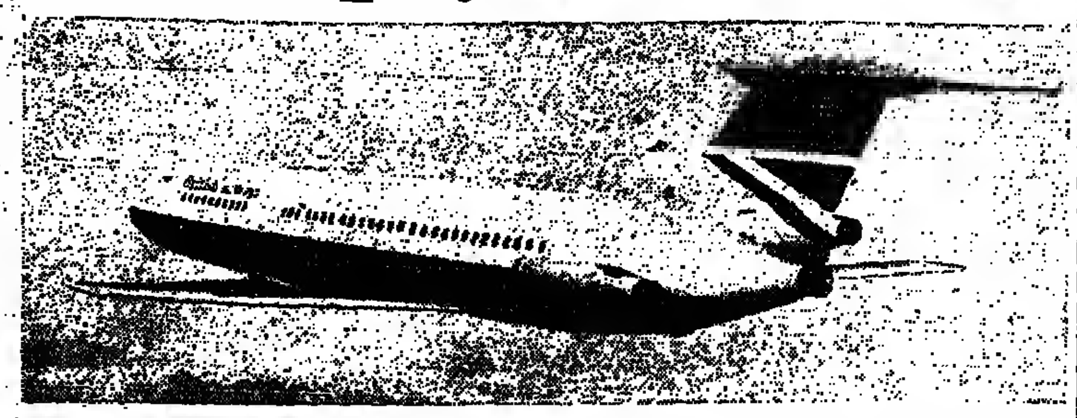
● Aircraft owned by EUROFINAIR would be protected from seizure by non-member governments for political or other reasons. Diplomatic protection could be asserted not only by the country in which EUROFINAIR is incorporated and by the "flag" state of the aircraft, but also by all other member countries.

● EUROFINAIR could assure member airlines of their place in the "queue" in ordering aircraft from manufacturers at current prices by placing the order and taking delivery even before the member airline has a scheduled need for the aircraft. It could lease or charter the aircraft short-term to other operators which have an immediate need for it. Earnings from such short-term leases or charters would reduce the total financing cost to the original airline.

● EUROFINAIR could play a part in alleviating the international problems of re-cycling oil revenues: it could offer a long-term, tax-free and internationally guaranteed investment outlet to OPEC countries for their surplus funds. By the purchase of EUROFINAIR securities, OPEC investors would be able to participate in a politically neutral manner in the growth of the European airline industry.

As it was said of EUROFIMA at its birth, this proposal for EUROFINAIR "represents the meeting of a compelling fact and a powerful ideal." The fact is that European airlines must spend vast sums for their equipment needs during the next decade; the ideal is European-wide co-operation to solve common problems.

The financiers of the post-war generation, whose efforts were essential in turning the idea of EUROFIMA into reality, have shown what can be done. A consortium of European merchant banks should now demonstrate their skill and taste for innovation by acting to provide the impetus for EUROFINAIR.


British Airways Trident, due to be phased out by the late 1980s.

* The author is an American attorney practising in London as a consultant in United States and international law. This article is based partly on the author's previous work, Legal Aspects of Aircraft Finance in Europe.

APPOINTMENTS

Management changes at Geo. Bassett

GEO. BASSETT HOLDINGS has made the following changes: Mr. D. Clarke is appointed vice-chairman of the group in a full executive capacity. He will remain chairman of the Geo. Bassett and Co. subsidiary Board. Mr. G. R. H. Clemons, the group finance director, has assumed additional responsibility for strategic planning. Mr. H. B. Stokes, the group industrial relations and personnel director, is appointed managing director of Geo. Bassett and Co. Mr. J. T. Fountain remains managing director of the special foods, leisure and distribution division of the group, and Mr. R. L. Frost and Mr. J. Shanks continue as non-executive directors.

★

Mr. David A. Dierks has been appointed manager of the Europe/Mid-East/Africa Group of FIRST NATIONAL BANK OF ST. LOUIS, based at the branch in London. He replaces Mr. Richard A. Murray who has been appointed deputy international division manager, a new position in the international department of First National, in St. Louis, Missouri.

★

Mr. Arnold Brackenridge has been appointed president of TRICENTROL OILS, Calgary, a wholly-owned subsidiary of Tricentrol, UK. In 1976, he set up the Denver Arco office in the Rocky Mountain area where he was vice-president and general manager prior to his appointment with Tricentrol.

★

Mr. Digby N. C. Bedford has been elected to the Board of T. COWIE, the Sunderland-based motor group.

★

Mr. Bernard Thimont will be retiring from the public service on December 31. He will be succeeded as controller (chief executive) of HER MAJESTY'S STATIONERY OFFICE and as The Queen's Printer of Acts of Parliament by Mr. W. J. Sharp, presently controller of supplies in the property services agency.

★

THURGAR BARDEX states that, in accordance with the arrangements made with ECI, Mr. J. A. Lorenz has been appointed to the Board.

★

Sir William Vincent has been appointed a director of SAVE AND PROSPER INVESTMENT MANAGEMENT.

★

AMERICAN MONITOR, INTERNATIONAL has appointed Mr. Bernard Johnson as financial director.

★

Mr. Michael Ian Bowstead Straker has been appointed chairman of AYCLIFFE AND PETERLEE DEVELOPMENT CORPORATIONS, to succeed Mr. Dennis Stevenson, whose appointment expires on November 22. Mr. Straker is at present chairman of the Newcastle-upon-Tyne Area Health Authority. He is also chairman of the Newcastle and Gateshead Water Company and vice-chairman of the Newcastle University Council.

★

PROPERTY PARTNERSHIPS has appointed Mr. Paul Raymond King as chairman of the group in succession to Mr. King's father, Mr. Raymond King, founder of the company, who died on August 13. Mr. Paul Raymond King has been chairman of the group's principal subsidiary, Property Partnerships (Hotels) since its foundation in 1975.

★

The Earl of Eglinton and Winton, a managing director of GERRARD AND NATIONAL DISCOUNT COMPANY, has been appointed joint deputy chairman.

★

Mr. John Dickson has been appointed managing director of B.A.T. (UK AND EXPORT). He succeeds Mr. Peter Roberts, who has been appointed to a new position in British American Tobacco's Millbank, London, headquarters as co-ordinator for Brazil, Finland, Switzerland and new opportunity areas.

★

CCM MARKETING states that Mr. Ian Medley has been appointed production director. Mr. Medley was with Ainge-Woodsmith before it was taken over by CCM.

★

Mr. Philip B. Parsons has been appointed managing director of the STAINLESS STEEL WIRE COMPANY. Mr. Peter W. Hemmings, former managing director, remains chairman to concentrate on future company development.

★

Mr. Michael Hughesdon has been appointed a director of LESLIE AND GODWIN INTERNATIONAL.

★

Mr. John Alan Williams has been appointed a special director of the DUTTON-FORSHAW GROUP. In addition to his group responsibilities for industrial relations and consumer affairs, he will play an active part in administration and marketing.

★

The Department of Industry has appointed Dr. Robin Nicholson, managing director of Inco Europe, as the chairman of its ENGINEERING MATERIALS REQUIREMENTS BOARD. He succeeds Dr. A. Kelly, vice chancellor of the University of Sorrey, who has completed his term of office.

★

METAL BOX states that when Mr. I. R. M. Willis retires as chairman of the overseas division in July 1982 that he will be succeeded by Mr. P. K. Nanda. Mr. Nanda will become deputy chairman of the overseas division and member of the main Board of Metal Box during the first half of the financial year 1981-1982. After Mr. Nanda moves to the UK he will remain chairman of Metal Box India for a time.

★

ARAB INTERNATIONAL TRUST - SA and its wholly-owned subsidiary INTERNATIONAL RESOURCES AND FINANCE BANK SA, Luxembourg, have made the following appointments: Sheikh Hani S. Emam has been elected chairman of AIT and IRFB to succeed Mr. Sulaiman Ahmed El Haddad who has retired due to personal reasons but continues as a director. Mr. Shakirullah Durrani, who was president, has been appointed chairman of the executive committees of AIT and IRFB to succeed Mr. F. H. McNeil, chairman, Bank of Montreal, who continues to be a member of the executive committees and boards of AIT and IRFB.

★

Mr. Neil Davis and Mr. Harold Paisner have joined the Board of ESTATES AND AGENCY HOLDINGS.

★

BELISLE FILTRATION has appointed Mr. James Bentley, sales director.

CONTRACTS

£4m landing systems

Contracts exceeding £4m have been placed with MEL (division of Philips Electronic and Associated Industries) by the Ministry of Defeoce (procurement executive) for the supply of MADGE microwave landing systems. The equipment is for installation aboard the anti-submarine cruiser HMS Invincible and further ships of the same class and for the aircraft carrier HMS Hermes. They will be used for the recovery of the Royal Navy's Sea Harrier aircraft operating from these vessels.

★

Glasgow Rangers Football Club has awarded a £3.2m contract to TAYLOR WOODROW CONSTRUCTION (SCOTLAND) to build the new north stand at Ibrox Stadium, Glasgow, to be called the centenary stand. The work includes the demolition of the existing stand and is due for completion towards the end of 1981.

★

MARCONI AVIONICS, the GEC-Marconi electronics company has been selected by the Royal Danish Air Force, Air Material Command, to supply head-up displays for RDAF 35XD Draken aircraft. With production options, the total value is expected to exceed £3m.

★

Contracts totalling over £2.3m have gone to SHEPHERD CONSTRUCTION to build major extensions to two of York's leading hotels, the Viking and the Post House, both of which were built originally by Shepherd Construction. Worth more than £1.5m, the contract with Grand Metropolitan Hotels to extend the Viking Hotel, North Street, York, is scheduled for completion in February, 1981. Work has started on what will be a five-storey, 72-bedroom extension to the existing hotel, to include a car park and carvery restaurant. The extension block to the Post House Hoel, Tadcaster Road, York, for Trusthouse Forte Hotels will provide 43 additional bedrooms and is worth around £775,000. To be completed in April, 1981, the three-storey extension will incorporate two additional meeting rooms.

★

PLESSEY AEROSPACE at Titchfield, Hants, has received orders worth more than £1½m from ROHR Industries Inc. for its pneumatic drive unit. The equipment is used on the thrust reverser system incorporated in the ROHR JT 9D engine pod used on the DC10-20/40, Boeing 747F and A300 aircraft.

★

LINK ELECTRONICS, Andover, has been awarded a £800,000 contract extension by the BBC to build two more colour mobile control rooms, bringing the total to 10. The two units will round off the BBC's replacement programme for major outside broadcast vehicles. The two vehicles, to be coachbuilt by Link's associate company, Locomotors of Andover, will weigh 18 tons, and be the maximum permitted size for the road. They will have eight cameras each.

★

An order to supply a specially designed unit worth £200,000 has been won by ROBERT JENKINS OIL AND GAS, Rotherham, for a North Sea oil platform in the Marathon-Brae oil field. Marathon Oil UK has ordered a skid-mounted glycol regeneration unit utilising hot oil as the heating medium.

★

JT GROUP has ordered an NCR I-8430 computer worth £113,000 to take over and expand processing currently handled by an NCR I-8250. The computer will take on accounting and contract costing applications and a new membership records system, which will handle records of the 25,000 members of JT Group's residential country clubs in the south west.

(PLEASE REFER TO PAGE 21)

Dollar eases

The dollar lost ground in currency markets yesterday in generally featureless trading, reflecting an easier trend in Euro-dollar rates. The latter eoded to ease despite the recent rise in U.S. prime rates to 12 per cent, and the dollar may have been affected by switching from the U.S. currency into gold. Against the D-mark it closed at DM 1.7770 compared with DM 1.7815 on Friday, and SwFr 1.6235 compared with SwFr 1.6325. The Japanese yen was also firmer, and the dollar fell to Y216.70 from Y217.90. On Bank of England figures, the dollar's trade weighted index fell from 83.7 to 83.5.

Sterling traded quietly ahead of today's banking figures, with the latter expected to show a further rise in the money supply. This appears to have been largely discounted by the market already, and sterling's trade weighted index closed unchanged at 76.5, having stood at 76.5 at noon and 76.4 in the morning. Against the dollar it opened at $2.4115-2.4125, and had risen to $2.4150 by midday. During the afternoon it touched a best level of $2.4215, but came back to spend most of the afternoon around the $2.4175 level. It closed at $2.4180-2.4190, a rise of 0 points from Friday's close.

D MARK—One of the weaker members of the European Monetary System of late, but showing signs of recovery against the dollar following doubts about the future trend in U.S. interest rates and Federal Reserve Monetary policy ahead of the Presidential election—The D-mark was mostly weaker at yesterday's fixing in Frankfurt, with only the French franc and the Italian lira showing an easier tendency. The Dutch guilder was higher at DM 91.95 per Fl 100 against DM 91.925, and the Danish krone rose to DM 32.345 from DM 32.32 per DKr 100. Elsewhere sterling rose to DM 4.3020 from DM 4.3000, while the dollar moved slightly to DM 1.7806 compared with DM 1.7804 at Friday's fixing. The U.S. unit was fixed close to the day's low, as softer Euro-dollar rates prompted an easier trend. This came despite the latest rise in U.S. prime rates to 12 per cent. There was no intervention by the Bundesbank at the fixing, and trading was mostly light.

DANISH KRONE—Remaining quite firm around the middle of the EMS, after two devaluations in 1979, despite expectations of record balance of payments deficit this year—The Danish krone was mostly firmer at yesterday's fixing in Copenhagen, with market attention focused on trade figures due later this week. There has been speculation on Denmark's worsening export record, but some dealers said the market would accept a deficit for July of something less than DKr 2bn. The dollar was fixed lower at DKr 5.5135, compared with DKr 5.5205, while sterling slipped to DKr 13.3135 against DKr 13.3340. Within the EMS the D-mark was fixed lower at DKr 3.0955 from DKr 3.0979 and the French franc slipped to DKr 1.3315 from DKr 1.3333.

JAPANESE YEN—Advancing steadily since the middle of last month, helped by the general weakness of the dollar and the relatively successful fight against inflation which allowed a cut in the central bank discount rate—The Japanese yen continued to improve against the dollar in Tokyo yesterday, with the U.S. unit finishing at Y217.15, compared with Y218.70 on Friday. The dollar's weaker tendency seemed little affected by the latest increase in U.S. prime rates and higher Euro-dollar rates. At one point it touched a low of Y217.10, but recovered slightly towards the close.

THE POUND SPOT AND FORWARD

Sept. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4112-2.4215	2.4180-2.4190	1.02-0.92c pm	4.81	2.70-2.60 pm	4.38
Canada	2.8055-2.8175	2.8150-2.8160	1.50-1.40c pm	6.12	3.77-3.67 pm	5.29
Nethlnd.	4.65½-4.69½	4.67½-4.68½	2¾-1¾c pm	5.77	5½-5¼ pm	5.34
Belgium	68.70-69.05	68.85-68.95	26-16c pm	3.66	69-59 pm	3.72
Denmark	13.27½-13.33½	13.29-13.30	1¼-3¾ore dis	−2.37	9¼-9¾ dis	−2.87
Ireland	1.1375-1.1435	1.1390-1.1400	0.20-0.12p pm	1.68	0.52-0.43 pm	1.67
W. Ger.	4.28-4.32	4.29½-4.30½	3¼-2¾pf pm	7.67	8¼-7¾ pm	7.33
Portugal	119.10-120.20	119.65-119.95	13c pm-25 dis	−0.60	36pm-74dis	−0.63
Spain	176.15-176.75	176.45-176.55	52-105c dis	−5.34	70-290 dis	−4.08
Italy	2045-2050	2045¾-2046¾	6-8lire dis	−4.11	38-42 dis	−7.82
Norway	11.61-11.65	11.63½-11.64½	2½-1ore pm	1.90	8⅞-7¾ pm	2.79
France	9.98-10.02	9.99¼-10.00¼	4½-3½c pm	4.80	10¼-9¼ pm	4.10
Sweden	10.00½-10.04½	10.02-10.03	½ore pm-par	0.37	½ pm-½ dis	0.07
Japan	520-527	523¾-524¾	1.65-1.25y pm	3.32	5.90-5.45 pm	4.33
Austria	30.40-30.55	30.42-30.47	13-11gro pm	4.73	34½-30 pm	4.24
Switz.	3.91½-3.96	3.92¼-3.93¼	3¼-2¼c pm	2.93	10¾-9¾ pm	10.57

Belgian rate is for convertible francs. Financial franc 69.65-69.75. Six-month forward dollar 4.07-3.97c pm, 12-month 5.60-5.50c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4115-2.4215	2.4180-2.4190	1.02-0.92c pm	4.81	2.70-2.60 pm	4.38
Ireland†	2.1175-2.1225	2.1200-2.1220	0.60-0.50c pm	3.11	1.50-1.40 pm	2.73
Canada	1.1631-1.1645	1.1640-1.1643	0.11-0.07c pm	0.93	0.31-0.26 pm	0.98
Nethlnd.	1.9332-1.9390	1.9335-1.9345	0.22-0.12c pm	1.05	0.52-0.42 pm	0.97
Belgium	28.46½-28.52	28.47-28.49	par-1½c dis	−0.32	3-5 dis	−0.58
Denmark	5.4905-5.5135	5.4950-5.4965	3-3½ore dis	−7.10	9½-10 dis	−7.10
W. Ger.	1.7765-1.7850	1.7765-1.7775	0.46-0.44pf pm	2.11	1.42-1.37 pm	3.14
Portugal	49.44-49.65	49.44-49.50	15-30c dis	−5.46	40-85 dis	−5.05
Spain	72.95-73.09	72.98-73.03	45-65c dis	−9.03	170-200 dis	−10.13
Italy	846.50-847.20	846.85-847.15	6½-8lire dis	−10.27	26-29 dis	−12.99
Norway	4.8080-4.8160	4.8115-4.8130	1½-2ore dis	−4.38	2-2½ dis	−1.87
France	4.1325-4.1430	4.1325-4.1340	par-0.10c dis	−0.14	0.15-0.35dis	−0.24
Sweden	4.1435-4.1520	4.1435-4.1450	1.65-1.70ore dis	−4.70	4.50-4.65dis	−4.41
Japan	219.20-217.30	216.65-216.75	0.15-0.30y dis	−1.26	0.05p-0.10d	−0.14
Austria	12.57¼-12.62¾	12.58-12.59	0.25gro pm-0.35dis	−0.05	0.40p-1.35d	−0.15
Switz.	1.6220-1.6360	1.6230-1.6240	0.86-0.81c pm	6.17	2.55-2.50 pm	6.22

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	76.6	−20.7
U.S. dollar	83.5	−2.9
Canadian dollar	80.2	−17.2
Austrian schilling	156.3	+24.2
Belgian franc	112.3	+13.2
Danish kroner	105.8	−4.6
Deutsche mark	154.1	+43.8
Swiss franc	139.2	+80.6
Guilder	122.3	+20.1
French franc	101.2	−5.9
Lira	58.7	−51.7
Yen	121.1	+22.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

CURRENCY RATES

Sept. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.547064	0.588248
U.S. $	10	1.32220	1.49074
Canadian $	10.67	1.63668	1.65061
Austria Sch.	2¾	16.6309	17.9297
Belgium F	12	37.8902	40.5229
Danish K	13	7.29915	7.82825
D'mark	7½	2.34796	2.53204
Guilder	9	2.56383	2.75353
French Fr.	9½	6.43870	6.88753
Lira	15	1117.69	1203.72
Yen	8.22	286.652	310.005
Norwgn. Kr.	9	(u)	2.83720
Spanish Pta.	8	96.1239	102.671
Swedish Kr.	10	5.47854	5.90415
Swiss Fr.	3	2.15056	2.33321

OTHER CURRENCIES

Sept. 8	£	$		£ Note Rates
Argentina Peso	4626-4646	1018-1020	Austria	30.26-30.55
Australia Dollar	2.0650-2.0290	0.8545-0.8550	Belgium	69.05-62.65
Brazil Cruzeiro	134.40-136.40	55.645-55.845	Denmark	13.23-13.33
Finland Markka	8.80-8.81	3.6420-3.6430	France	9.85-10.01
Greek Drachma	102.547-105.023	42.40-42.55	Germany	4.28¼-4.31¼
Hong Kong Dollar	11.93½-11.96½	4.9410-4.9430	Italy	2030-2120
Iran Rial	n.a.	n.a.	Japan	521-526
Kuwait Dinar (KD)	0.641-0.647	0.2571-0.2272	Netherlands	4.65½-4.68½
Luxembourg Frc.	68.85-68.96	28.47-28.48	Norway	11.57-11.67
Malaysia Dollar	5.1215-5.1315	2.1200-2.1220	Portugal	116-124
New Zealand Dlr.	2.4495-2.4542	1.0135-1.0145	Spain	171¾-180½
Saudi Arab. Riyal	7.98-8.04	3.3105-3.3210	Sweden	9.97-10.06
Singapore Dollar	5.1010-5.1110	2.1115-2.1135	Switzerland	3.92½-3.95½
Sth. African Rand	1.8200-1.8225	0.7595-0.7535	United States	2.41¼-2.42¼
U.A.E. Dirham	8.86-8.92	3.6870-3.6890	Yugoslavia	70¼-78¾

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5445	+1.90	+0.65	±1.53
Danish Krone	7.72336	7.82287	+1.29	+0.04	±1.64
German D-Mark	2.48208	2.53042	+1.95	+0.70	±1.125
French Franc	5.84700	5.88747	+0.69	−0.56	±1.3557
Dutch Guilder	2.74362	2.75314	+0.35	−0.90	±1.512
Irish Punt	0.668201	0.671375	+0.48	−0.77	±1.668
Italian Lira	1157.79	1205.76	+4.14	+2.94	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.419	4.300	524.3	9.998	3.928	4.280	2042.	2.812	28.90
U.S. Dollar	0.413	1.	1.778	216.8	4.134	1.624	1.235	845.2	1.164	29.42
Deutschemark	0.233	0.562	1.	121.2	2.325	0.913	1.088	475.8	0.655	12.02
Japanese Yen 1,000	1.907	4.615	8.202	1000.	19.07	7.493	8.927	3902.	5.371	131.4
French Franc 10	1.000	2.419	4.301	524.4	10.	3.928	4.281	2046.	2.818	68.03
Swiss Franc	0.255	0.616	1.095	133.5	2.546	1.	1.192	520.9	0.717	17.54
Dutch Guilder	0.214	0.517	0.919	112.0	2.132	0.830	1.	437.1	0.602	14.72
Italian Lira, 1,000	0.489	1.182	2.102	255.3	4.887	1.920	2.288	1000.	1.376	33.68
Canadian Dollar	0.355	0.859	1.527	186.2	3.561	1.395	1.562	725.2	1.	24.47
Belgian Franc 100	1.451	3.210	6.241	760.0	14.51	5.700	6.792	2969.	4.086	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 5/8	offer 11 3/4	bid 12	offer 12 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	16½-16¾	10-10¼	7½-9	10⅛-10¼	2-2½	8⅝-8¾	11-11⅛	14-18	10⅛-10¼	13-13½
7 days' notice	18⅛-16¾	10 1/16-10 3/16	7½-2	10¼-10 7/16	3¼-3¾	8¾-8⅞	11-11⅛	15½-19½	10 1/16-10 3/16	12-12½
Month	16½-16¾	11 1/16-11 3/16	2½-2⅞	10 5/16-10⅝	5 5/16-5 7/16	8¾-8⅞	11⅛-11¾	21½-23½	11⅞-12	11⅞-12⅛
Three months	18¼-16½	11½-11¾	10⅛-10¼	10 5/16-10⅝	5⅜-5½	9⅛-8⅝	11⅝-11⅞	24¾-25¾	11¾-11⅞	11½-11⅝
Six months	15⅝-15⅞	11⅛-12⅛	10⅝-11⅛	10 5/16-10⅝	5 5/16-5⅝	8 7/16-8 9/16	12-12¼	26¾-28¾	12 1/16-12 3/16	10¼-10½
One Year	14¾-15	11⅞-12⅛	11¼-11⅝	10¼-10 7/16	5¼-5⅝	8-8⅛	12¼-12⅛	25-26	12 1/16-12 3/16	[illegible]

Long-term Eurodollar two years 12⅞-12⅞ per cent; three years 12½-12¾ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.70-10.80 per cent; three-months 11.50-11.60 per cent; six-months 11.65-11.75 per cent; one year 11.65-11.75 per cent.

INTERNATIONAL MONEY MARKET

Europe rates steady

European short-term interest rates showed little change yesterday. In Frankfurt call money rose to 9.45-9.55 per cent from 9.40-9.50 per cent, while period rates were unchanged as the German D-mark remained the second weakest member of the European Monetary System. One-month funds in the German money market were steady at 9.10-9.20 per cent; three-month at 8.90-9.00 per cent; six-month at 8.60-8.75 per cent; and 12-month at 8.40-8.60 per cent.

In Paris day-to-day money was 11½ per cent; one-month 11 7/16-11 9/16 per cent; three-month 11⅝-11¾ per cent; six-month 11 11/16-11 13/16 per cent; and 12-month 11⅝-11¾ per cent.

In Amsterdam interbank money market rates had a slightly easier trend with call money quoted at 10¼-10⅜ per cent compared with 10½-10⅝ per cent; one-month at 10⅜-10½ per cent compared with 10⅜-10⅝ per cent, and the same for three-month and six-month, while 12-month funds were 10¼-10½ per cent against 10⅜-10½ per cent.

In Singapore interest rates moved through a fairly wide range towards the end of last week, with banks preferring to fund positions in the overnight market at between 6 per cent and 9⅞ per cent, rather than for longer terms where rates were generally above 9⅞ per cent. Period rates are not expected to ease in the near future, but overnight money is expected to be in reasonable supply.

UK MONEY MARKET

Moderate shortage

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave moderate assistance by buying a small amount of Treasury bills from the discount houses, and a small number of local authority bills from the houses and banks. The Bank of England also lent a small amount to two or three houses, overnight at Minimum Lending Rate.

Banks brought forward moderate run down balances, settlement was made of the gilt edged stock bought on Friday, the houses repayed the small amount borrowed on Friday, and the market was also faced with the unwinding of a large sale and repurchase agreement of eligible bank bills. On the other hand there was a small decline in the note circulation and a very large excess of Government disbursements over Exchequer, including payment revenue payments to the of the rate support grant.

GOLD

Sharp rise

GOLD ROSE to its highest level since early July in the London bullion market yesterday, closing $21 an ounce higher at $671-674. The metal opened at $650-653, the lowest level seen during the day, and rose steadily on good demand, with dealers suggesting some short covering as one reason behind the firmer trend. The closing rate was the high for the day.

In Paris the 12½ kilo bar was fixed at FFr 88,000 per kilo ($661.37 per ounce compared with FFr 87,870 ($659.75) in the morning and FFr 86,500 ($649.86) on Friday afternoon.

In Frankfurt the 12½ kilo bar fixed at DM 37,855 per kilo ($660.97 per ounce) against DM 37,190 ($648.96) previously.

	Sept. 8		Sept. 5	
Gold Bullion (fine ounce)				
Close	$671-674	(£277½-278¾)	$650-655	(£269-270¼)
Opening	$650-653	(£269¼-270½)	$648-651	(£268-269¼)
Morning fixing	$660.00	(£273.170)	$647.50	(£267.916)
Afternoon fixing	$672.00	(£277.273)	$621	(£269.376)
Gold Coins				
Krugerrand	$691-693	(£285½-287)	$570-672	(£277½-279½)
Mapleleaf	$685-688	(£283-285)	$664-668	(£275-278)
New Sovereigns	$169¾-170¾	(£70-71)	$164¼-165¼	(£68-69)
King Sovs	$197-192	(£81¼-82¼)	$194-195½	(£80¼-81¼)
Victoria Sovs	$197-199	(£81¼-82¼)	$194-195½	(£80¼-81¼)
French 20s	$168¼-171¼		$162-165	
50 pesos Mexico	$825-829		$805-809	
100 Cor. Austria	$655-658		$635-239	
$20 Eagles	$787-791		$775-779	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Sept. 8 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-15⅝	—	—	—	16¼-15¾	15½-15	—	—	—
2 days notice	—	—	15½-15⅝	—	—	—	—	—	—	—
7 days or	—	—		—	—	—	—	—	—	—
7 days notice	—	15⅜-15⅝	15½-15⅝	—	16¾	18¾-17	15¾-15⅞	—	—	—
One month	15⅝-16 1/16	16½-16⅝	15⅝	17½-17¾	16¾	16¾-17	15¾	14 7/32-14 9/32	15½	17
Two months	15½-15⅝	16 1/16-16⅝	—	17-17¼	19¾	—	15⅜-15½	14 9/32-14 11/32	15 9/16	16⅝
Three months	16⅜-16¼	16¼-16⅜	16-16⅜	16⅜-17	16⅝	15⅜-17	15⅛	14½	15 5/16-15 7/16	15
Six months	15¼-15⅛	15⅜-15⅝	—	15⅜-18¾	15¾	16⅛	—	—	14¼-14½	14⅛
Nine months	14⅝-14⅞	14⅝-14⅞	15½-15¾	15-18⅜	15	15¾	—	—	—	—
One Year	14 1/16-14 1/16	14 1/16-14⅝	14¾	14⅝-14¾	14⅞	15¼	—	—	—	—
Two years	—	—	14 3/16-14¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14-14⅛ per cent; four years 13⅞-14 per cent; five years 13⅞-14 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝-15⅞ per cent; four-month trade bills 15⅝ per cent.

Approximate selling rate for one-month Treasury bills 14 23/32 per cent; two-months 14 23/32 per cent; three-months 14 23/32 per cent. Approximate selling rate for one-month bank bills 16⅛ per cent; two-months 15 15/16 per cent; three-months 15¾ per cent; one-month trade bills 16¾ per cent; two-months 16⅛ per cent; and three-months 15¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 18 per cent. Treasury Bills: Average tender rates of discount 14.7524 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11½-12
Fed. Funds	10⅛-10¼
Treasury Bills (13-week)	9.88
Treasury Bills (26-week)	10.08
GERMANY	
Discount Rate	7.50
Overnight Rate	9.50
One month	9.12
Three months	8.95
Six months	8.675
FRANCE	
Discount Rate	9.5
Overnight Rate	11.25
One month	11.375
Three months	11.6875
Six months	11.75
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.4375
Bills Discount (three-month)	11.4375

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 8, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	105.0
Albania	Lek	10.10
Algeria	Dinar	9.2710
Andorra	French Franc	9.9972
	Spanish Peseta	176.50
Angola	Kwanza	70.3505
Antigua (S)	E. Caribbean $	5.55
Argentina	Ar. Peso Free Rate	4,636.0
Australia (S)	Australian $	2.0670
Austria	Schilling	30.445
Azores	Portug. Escudo	112.75
Bahamas (S)	Ba. Dollar	2.4185
Bahrain (S)	Dinar	0.911
Balearic Isles	Spa. Peseta	176.60
Bangladesh (S)	Taka	36.05
Barbados (S)	Barbados $††	4.8370
Belgium	B. Franc	(cm) 69.90
		(fn) 62.70
Belize	B $	4.8370
Benin	C.F.A. Franc	499.875
Bermuda (S)	Bda $	2.4185
Bhutan	Indian Rupee	18.59
Bolivia	Bolivian Peso	60.45
Botswana (S)	Pula	1.8665
Brazil	Cruzeiro ††	134.20
Brit. Virgin Isles (S)	U.S. $	2.4186
Brunei (S)	Brunei $	5.1060
Bulgaria	Lev	2.0264
Burma	Kyat	16.25
Burundi	Burundi Franc	213.545
Cameroon Republic	C.F.A. Franc	499.875
Canada	Canadian $	2.8155
Canary Islands	Spanish Peseta	172.50
Cape Verde Isle	Cape V. Escude	88.30
Cayman Islands (S)	Cay. Is. $	2.0155
Cent. Af. Repub.	C.F.A. Franc	490.875
Chad	C.F.A. Franc	499.875
Chile	C. Peso	(Bk) 94.38
China	Renminbi Yuan	3.5498
Colombia	C. Peso	(F) 116.86
Comoro Islands	C.F.A. Franc	490.876
Congo (Brazaville)	C.F.A. Franc	409.875
Costa Rica	Colon	80.80
Cuba	Cuban Peso	1.9769
Cyprus (S)	Cyprus £	0.834
Czechoslovakia	Koruna	(cm) 19.65
		nc 82.03
		(T) 21.51
Denmark	Danish Krone	13.845
Djibouti	Fr.	410 (sg)
Dominica (S)	E. Caribbean $	2.25
Dominican Repub.	Dominican Peso	2.4185
Ecuador	Sucre	(O) 60.68
		(F) 65.94
Egypt	Egyptian £	(U) 1.69
Equatorial Guinea	Ekpwele	178.50
Ethiopia	Ethiopian Birr	(P) 4.0250
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.205
Fiji Islands	Fiji $	1.0270
Finland	Markka	8.805
France	French Franc	9.0875
French C'tyin Af*	C.F.A. Franc	524.25
French Guiana	Local Franc	9.9975
French Pacific Is.	C.F.P. Franc	172 (sg)
Gabon	C.F.A. Franc	499.875
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.30
Germany (West)	Deutsche Mark	4.30
Ghana (S)	Cedi	6.22
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	103.785

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	13.295
Grenada (S)	E. Caribbean $	9.55
Guadaloupe	Local Franc	9.9975
Guam	U.S. $	2.4182
Guatemala	Quetzal	2.4185
Guinea Republic	Syli	45.15
Guinea Bissau	Peso	80.50
Guyana (S)	Guyanese $	6.1570
Haiti	Gourd	12.09
Honduras Repub.	Lempira	4.9600
Hong Kong (S)	H.K. $	11.945
Hungary	Forint	(com) 76.3660
		(T)(nc) 54.7782
Iceland (S)	I. Krona	1,210.0
India (S)	Ind. Rupee	18.59
Indonesia	Rupiah	1,511.86
Iran	Rial	n/a
Iraq	Iraq Dinar	0.71305
Irish Republic (k)	Irish £	1.1325
Israel	Shekel	13.56
Italy	Lira	2,045.75
Ivory Coast	C.F.A. Franc	499.875
Jamaica (S)	Jamaica Dollar	4.3155
Japan	Yen	524.25
Jordan (S)	Jordan Dinar	0.700 (sg)
Kampuchea	Riel	2,902.9
Kenya (S)	Kenya Shilling	17.58
Kiribati	Australian $	2.0270
Korea (Nth)	Won	2.03 (II)
Korea (Sth)	Won	1,490.58
Kuwait	Kuwait Dinar	0.644
Laos	Kip Pot Po	38.70
Lebanon	Lebanese £	8.3000
Lesotho	Loti	1.82125
Liberia	Liberian $	2.4185
Libya	Libyan Dinar	0.7160
Liechtenstein	Swiss Franc	3.9275
Luxembourg	Lux Franc	68.90
Macao	Pataca	12.85
Madeira	Portug'se Escudo	112.75
Malagasy Republic	MG Franc	492.875
Malawi (S)	Kwacha	1.91
Malaysia (S)	Ringgit	5.1265
Maldive Islands (S)	Mal Rupee	8.5065
Mali Republic	Mali Franc	9.2875
Malta (S)	Maltese £	0.812
Martinique	Local Franc	9.0975
Mauritania	Ouguiya ‡	100.10
Mauritius (S)	M. Rupee	18.30
Mexico	Mexican Peso	55.72
Miquelon	C.F.A. Franc	499.875
Monaco	French Franc	9.8278
Mongolia	Tugrik	(o) 2.74 (ll)
Montserrat	E. Caribbean $	6.26
Morocco	Dirham	9.18 (sg)
Mozambique	Metical	67.70
Nauru	Australian Dollar	2.0670
Nepal	Nepalese Rupee	28.00
Netherlands	Guilder	4.28
Netherland Antilles	Antillian Guilder	4.3800
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4520
Nicaragua	Cordoba	24.30
Niger Republic	C. F. A. Franc	490.875
Nigeria (S)	Naira	1.270648 (sg)
Norway	Norway Krone	11.64
Oman Sultanate of (S)	Rial Omani	0.834
Pakistan	Pakistan Rupee	23.75
Panama	Balboa	2.4185
Papua N. Guinea (S)	Kina	1.2830
Paraguay	Guarani	304.98

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc (A) 274.47
Philippines	Philippine Peso	17.65
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4520
Poland	Zloty	(Cm) 72.82
		(T) 72.86
Portugal	Portugu'se Escudo	119.75
Puerto Rico	U.S. $	2.4185
Qatar (S)	Qatar Ryal	8.79
Reunion Ile de la	French Franc	9.9975
Romania	Leu	(Cm) 10.49
		(R/C) T28.15
Rwanda	Rwanda Franc	219.20
St. Christopher (S)	E. Caribbean $	6.55
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	8.55
St. Pierre	Local Franc	2.9979
St. Vincent (S)	E. Caribbean $	9.55
Salvador El	Colon	6.05
Samoa American	U.S. $	2.4185
San Marino	Italian Lira	2,045.75
Sao Tome & Principe	Dobra	83.75
Saudi Arabia	Ryal	8.01
Senegal	C.F.A. Franc	409.975
Seychelles	S. Rupee	15.00 (sg)
Sierra Leone (S)	Leone	2.4086
Singapore (S)	Singapore $	5.1060
Solomon Islands (S)	Solomon Is. $	1.9565
Somali Republic	Somali Shilling	(A) 14.55
South Africa (S)	Rand	1.82125
South West African Territories (S)	S. A. Rand	1.82125
Spain	Peseta	176.50
Spanish ports in North Africa	Peseta	176.50
Sri Lanka (S)	S. L. Rupee	32.70
Sudan Republic	Sudan £ (1)	1.20
Sudan Republic	Sudan £ (2)	1.09
Surinam	S. Guilder	4.3200
Swaziland (S)	Lilangeni	1.82125
Sweden	S. Krona	10.025
Switzerland	Swiss Franc	3.9275
Syria	Syria £	(A) 0.4975
Taiwan	New Taiwan $	87.05
Tanzania (S)	Tan. Shilling	19.60
Thailand	Baht	49.10
Togo Republic	C.F.A. Franc	400.875
Tonga Islands (S)	Pa'anga	2.0670
Trinidad (S)	Trinidad & Tob. $	5.8045
Tunisia	Tunisian Dinar	0.960 (SG)
Turkey	Turkish Lira	191.0
Turks & Caicos	U.S. $	2.4185
Tuvalu	Australian $	2.0670
Uganda (S)	Uganda Shilling	17.57
United States	U.S. Dollar	2.4185
Uruguay	Uruguay Peso	(cm) 22.50
		(fn) 29.52
Utd. Arab Emirates	U.A.E. Dirham	8.90
U.S.S.R.	Rouble	1.5462
Upper Volta	C.F.A. Franc	499.975
Vanuatu	Franc	154 (SC)
	Aust. Dollar	2.0670
Vatican	Italian Lira	2,045.73
Venezuela	Bolivar	10.30
Vietnam	Dong	(O) 5.27
		(T) 4.0565
Virgin Islands U.S.	U.S. Dollar	2.4185
Western Samoa S.	Samoan Tala	2.05
Yemen (Nth)	Ryal	10.29 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8260
Yugoslavia	New Y Dinar	66.4671
Zaire Republic	Zaire	6.063678
Zambia	Kwacha	1.875
Zimbabwe	Zimbabwe $	1.5165

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 101.55. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (||) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports.

WORLD STOCK MARKETS

Wall St. mixed at mid-session

AFTER MOVING modestly lower at the outset yesterday, extending last Friday's decline, Wall Street picked up as profit-taking abated to make a rather mixed showing at mid-session.

The early fresh profit-taking resulted from uncertainty about interest rates and fears of a new escalation of inflation, prompted by reports that Saudi Arabia would cut oil production and raise prices shortly. Additionally, last Friday's report of August wholesale price increases was somewhat worse than expected.

The Dow Jones Industrial Average, down 7.85 on Friday, was 2.82 easier at 10.30 am yesterday, but rallied to 940.10 at 1 pm for a marginal net loss on the morning session of 0.86. The NYSE All Common Index was 1 cent up on balance at $72.14, after earlier slipping 7 cents more, while declines retained a small lead over gains at mid-session in the ratio of seven-to-six. Trading was active, with turnover amounting to 28.77m shares, exceeding Friday's 1 pm total of 26.25m.

Data General fell 9⅞ to $76⅞ after a late start. Late on Friday, the company said that its fourth-quarter profits improvement would not match the third-quarter rise.

Other Computer issues were also lower. Texas Instruments shed ½ to $129¾ and Digital Equipment 1⅜ to $86⅞.

Kennecott said it may be near an agreement with striking copper workers and added $2 at $32⅛. Asarco rose $3 to $49, Phelps Dodge 1⅞ to $37½ and Inco 1½ to $25⅛.

Kaiser Steel slipped ⅜ to $43⅞. The company has decided to continue in business rather than liquidate. Sedco put on ⅞ to $70⅞. It is to build and hold a stake in a $100m drilling barge.

Among Oil issues, Mobil gained $1 to $68, Superior ½ to $189¾ and Mesa Petroleum ¾ to $55¾, but Sun eased ⅞ to $37, Texaco ½ to $37 and Texas Oil and Gas ⅞ to $56⅞.

THE AMERICAN SE Market Value Index moved ahead 1.30 to 332.66 at 1 pm on volume of 5.39m shares (4.91m), buoyed by strength in the Mining group.

Responding to higher Bullion prices, Lake Shore Mines rose 3¼ to $28¼, Giant Yellowknife 2⅞ to $29⅞, Cominco 2⅞ to $58⅞, and volume leader Atlas Consolidated Mining "B" ⅞ to $7.

Closing prices for North America were not available for this edition.

Canada

Gold shares featured strongly in mainly firmer markets yesterday morning in heavy dealings. The Toronto Composite index rose 19.3 to 2,288.1 at noon. The Golds index forged ahead 332.6 to 6,082.9, Metals and Minerals 56.6 to 2,309.4, Banks 3.15 to 381.71 and Papers 3.65 to 205.34, but Oil and Gas receded 28.8 to 4,689.7.

Hong Kong

Following last week's setback on profit-taking, the market fell sharply yesterday across a broad front on heavy selling throughout the morning. This was in reaction to the weekend announcement of a higher local Prime Rate and also margin calls by some brokers. Some late buying left stocks closing above their day's lows, but the Hang Seng index, down 43.31 at the end of the morning session, finished the day still a very substantial 38.21 off on balance at 1,174.50. There was another large turnover of HK$478.64m on the four exchanges, against last Friday's total of HK$487.52m.

News of Hong Kong Land's intention to issue 64.48m shares to Jardine Matheson in return for assets saw Land fall HK$1.30 to HK$16.40, but Jardine gain 30 cents to HK$20.60.

Cheung Kong receded HK$1.10 to HK$25.50 and Hutchison Whampoa 70 cents to HK$11.70 despite both announcing improved interim results last Friday.

Hong Kong Wharf lost HK$3.50 to HK$89.00, Wheelock Marden "A" 30 cents to HK$5.10 and Hong Kong Bank also 30 cents to HK$16.90.

Sun Hung Kai Properties retreated 80 cents to HK$14.30, Swire Properties 70 cents to HK$8.00 and Green Island Cement HK$2.00 to HK$56.50, but Carrian Investments (formerly Mai Hoo) gained 30 cents to HK$14.60.

Tokyo

Share prices closed on a mixed note although with a slight bias to higher levels after a fair turnover.

The Nikkei-Dow Jones Average improved 18.46 to 6,938.42, after having receded 23.73 in a half-day session on Saturday on profit-taking from last Friday's record peak of 6,943.69. The Tokyo SE index edged up 0.36 to 479.56, while gains on the First Market section narrowly outscored declines by 317 to 305. Volume came to 300m shares, compared with Friday's 380m and Saturday's short session total of 230m.

Light Electricals mainly showed renewed strength, although foreign buying subsided from recent high levels. Sony added Y40 at Y2,660, Pioneer Electronic Y60 to Y2,170 and TDK Electronic Y30 to Y2,760.

Machine Tools, Foods and some speculatives gained ground, but Non-ferrous Metals issues declined.

Constructions and other shares related to public spending, which advanced late last week in response to the Government's decision to increase public works spending, were mixed yesterday following some profit-taking.

Australia

Market started the week on a reasonably bright note, with some second-line Gold shares leading the improvement. The Sydney All Ordinaries index put on 4.32 to 963.86 and the Metals and Minerals sub-group index gained 59.11 to 6,216.33.

Market technicians were heartened by the Bullion price breaking through the $650 mark in London on Friday and rushed up prices of gold issues such as Poseidon, Kitchener and Mogul. Poseidon rose 50 cents to A$6.10, Kitchener 25 cents to A$4.25 and Mogul 20 cents to A$4.20.

Speculators who took profits in Western Mining and brought the price down 10 cents last Friday despite news of a 133 per cent jump in earnings, had cause for regret yesterday when the shares advanced 20 cents to A$5.90. Affiliate Central Norseman also climbed 20 cents to A$11.80.

Elsewhere in Minings, MIM rose 6 cents to A$5.06 and EZ 10 cents to A$6.40.

Shale Oils firmed after a hesitant start. International Mining gained 15 cents to A$1.30 after reporting drill results from its Mt Coolon leases in North Queensland.

There was some fair support for selected conventional Oils, especially Woodside Petroleum, up 13 cents at A$3.15, which has now been relieved of the heavy burden of financing the development of the Northwest Shelf gas project by the deal it struck with BHP and Shell late last week.

Germany

Bourse prices mostly lost further ground in a market soured primarily by weakness on the Bond markets. Trader said the Bond markets continued to be weakened by U.S. interest rate trends and were also adversely affected by the Finance Ministry's new offer of Promissory Notes (Schuldscheine), launched yesterday. The Commerzbank index slipped 2.9 to 727.1.

BMW lost DM 2.90, GHH, in Engineerings, DM 2.50, Deutsche Bank DM 1.80 and Steels concern Thyssen DM 2.40.

Johannesburg

Gold shares generally moved ahead in brisk trading in response to the higher Bullion price. FS Geduld, Vaal Reefs, Durban Deep and St. Helena recorded gains ranging between 175 and 425 cents among Heavyweights.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

Financial Rand US$0.85½ (Discount of 35½%)

COMMODITIES AND AGRICULTURE

EEC sugar yields improve

By Our Commodities Staff

LATEST TEST results indicate that European sugar production this year could be significantly higher than forecast earlier.

Brighter, warmer weather has allowed sugar beet crops to recover much of the ground they lost during the dull, damp early summer and yields in France, Europe's biggest producer, now look like beating last year's.

Following its third test the French Beet Planters' Association announced yesterday that average root weight had risen to 463 grammes on September 1 from 404 grammes on August 18. With sugar content up to 15.16 per cent from 13.12 per cent the association put sugar per hectare at 6.52 tonnes, up from 4.91 tonnes on August 18 and 5.94 tonnes at the same stage last year.

In Bonn meanwhile the West German Sugar Industry Association published figures putting sugar per hectare at 6.04 tonnes on September 5. This was still below the 6.71 tonnes registered at the same time last year but was well up on the previous week's 5.27 tonnes.

Average beet weight was 586 grammes compared with a year earlier and sugar content was 14.4 per cent against 15 per cent. But the average number of beet per hectare was 71,700 compared with 70,200.

Alcohol plant start-up

ASUNCION, Paraguay — An $16m plant built by the Paraguayan Government to process sugar cane into alcohol will go into production at the end of this month.

The plant will have a daily output capacity of 40,000 litres of alcohol which will be mixed with gasoline to fuel vehicles as part of a drive to reduce fuel imports.

Reuter

Record crop of Chinese flax

PEKING — The north eastern province of Heilongjiang, China's biggest flax producing area, had a record harvest of 188,000 tonnes of flax this year, more than double last year's output, the New China News Agency said.

More than 84,000 hectares were planted this year, an increase of 32,000 hectare

Silver surge follows gold

BY JOHN EDWARDS, COMMODITIES EDITOR

SILVER, and gold, stole the limelight on the London metal markets yesterday. Silver in particular surged upwards. On the London bullion market the spot quotation was raised at the morning fixing by 43.7p to 748.25 a troy ounce. The market continued to move ahead and the LME cash price closed at 784p, up 69.5p on Friday's close.

Dealers said there was no specific reason for the sudden surge of buying interest. The main influence is the rise in gold, which has reacted to forecasts of a possible Saudi Arabian oil price increase and production cutback which it is feared might result in renewed inflation.

Accelerating the upward trend was the breakthrough of "buy" chart points that brought in more speculators and covering of previous sales by the trade. It is noted that *dealers are somewhat apprehensive of remaining "short"* bearing in mind the experience suffered during the silver boom earlier this year when a squeeze of available supplies was a prime factor in forcing prices up. The shadow of *Bunker Hunt still hangs over* the market.

The rise in gold and silver also boosted base metals, bringing a general lift in values on the London Metal Exchange.

Copper cash wirebars closed £8.5 higher at £849.5 a tonne. *This was in spite of reports from* the U.S. that Kennecott and the *copper workers unions had re*solved the remaining issues holding up settlement of new labour contracts and the prediction that the company would be back in operation within a few days.

Other producers, however, appear to be making heavy weather of their negotiations with the unions. In spite of the pressure exerted by the agreement reached with Kennecott, the largest U.S. producer, slow progress is being made by other companies. Anaconda and Asarco are believed to have broken off negotiations for the time being, while Phelps Dodge, Amax and Newmont Mining are still talking. As Amalgamated *Metal Trading* underline in their latest market report, the loss of production has been considerable, at around 300,000 tonnes.

The firmer tone in the market was reflected by two U.S. producers raising their domestic copper selling prices by 3 cents to 95 cents a lb. London, therefore, was in a mood to ignore a small rise in warehouse stocks, up by 350 to 119,975 tonnes. Dealers also ignored unexpected rises in tin stocks, up by 220 to 3,705 tonnes and lead by 1,225 to 53,700 tonnes. Indeed tin values jumped on renewed buying interest, mainly from chartists, and the cash price closed £127.5 higher at £7,230 a tonne. Cash lead gained £12.5 to £371.5 *a tonne*.

Aluminium and zinc prices were *higher* too, although aluminium stocks rose by 7,525 tonnes *to 23,650 tonnes* and *zinc* by 575 to 60,700 tonnes. Nickel fell by 234 to 5,070 tonnes, but LME silver holdings increased by 40,000 to *26,270,000* ounces.

Slow start to cocoa pact talks

By Our Commodities Editor

THE INTERNATIONAL Cocoa Council meeting in London, which may decide *the future of the International Cocoa Agreement*, got off to a *slow start yesterday*. It was immediately adjourned at the request of producing countries so that they could discuss their negotiating position and the agenda.

The meeting was originally scheduled to last for only one day—mainly to approve a proposal that a negotiating conference seeking a new Agreement should be held next month. But it has now been extended to last for three days at the insistence of Brazil.

It is feared that Brazil might press for an early liquidation of the $230m accumulated buffer stock fund, which could well jeopardise moves for a new pact. Consuming countries have made it clear that they will be very reluctant to back a new Agreement if the producers insist on dissolving the buffer stock fund.

Colombia plea to U.S. on coffee

By Our Commodities Staff

COLOMBIAN AND U.S. officials are to meet in Washington today to discuss the implementation of a quota system for coffee imports and exports with the aim of stabilising the world market.

A sustained decline took world coffee prices to their lowest levels for nearly four years last week. They have since recovered a little but are still nearly £700 below the peak level reached in early June. The low prices have caused serious problems for growing countries, many of whom depend heavily on coffee exports for foreign exchange.

The Colombian delegation is to be headed by Sr. Arturo Gomez Jaramillo, manager of the country's Coffee Growers Federation. It will meet U.S. State Department officials for preparatory talks ahead of the International Coffee Organisation (ICO) annual meeting in London later this month.

The ICO administers the International Coffee Agreement under which quotas can be imposed with the agreement of member countries.

China signs Argentine wheat deal

BY SARA DAVIES

ARGENTINA has reached an agreement with China to sell China 200,000 tonnes of wheat for delivery this year.

David Lacroze, president of the Argentine Grain Board said that the wheat, which will come from Grain Board stocks, should bring Chinese wheat purchases this year to about 800,000 tonnes. This was in line with an agreement expiring in January for China to take up to 1m tonnes of Argentine maize or wheat annually.

Argentina expects this season's harvest to be 10 to 12 per cent higher than that of 1979-80, which yielded 7.7m tonnes from 4.9m hectares. Wheat plantings now under way will total 5.5m hectares next season, according to preliminary estimates by the Argentinian National Agricultural Secretariat.

Jorge Zorreguieta, Agriculture Secretary has said that Argentina has placed nearly all the 1980-81 exportable wheat surplus of 4.5m tonnes. "China and Iraq will buy a total of 1m tonnes of wheat this season, and supply to traditional markets — Chile, Bolivia, Peru, Paraguay and Brazil — will be maintained," he said.

But in Peking, Canada's Agriculture Minister Eugene Whelan, in China to sign a memorandum for joint agricultural co-operation, said there was no indication that China would increase its grain imports this year as a result of bad weather.

Drought in the north and floods in southern areas of China had caused "substantial" crop losses, but he said the Chinese themselves had not yet assessed their own losses.

Meanwhile in Canada itself reports indicate that harvesting on the prairies has been seriously handicapped by too much rain. Bad weather has delayed harvesting in Alberta and Saskatchewan, where yields are expected to average 20 bushels an acre for wheat, 38 for oats and 34 for barley.

EEC accused of protectionism

Latin American and Caribbean countries have condemned the EEC for maintaining protectionist agricultural policies.

In a resolution adopted at the end of a six-day regional conference of the UN food and agriculture organisation in Havana, they urged governments to present a firm united position against possible unfavourable effects of a proposed enlargement of the EEC to include Greece, Portugal, Spain and Turkey.

The conference also resolved to create a regional centre for agrarian reform and rural development, but no country was chosen for its headquarters.

Reuter

MARINE RESOURCES

New horizons for Pacific fishermen

BY KEVIN RAFFERTY

EXPANSION TO 200 miles of the coastal limits round countries has given new economic opportunities to the world's "tiddler" states, the islands of the Pacific Ocean.

As technology advances they may hope to enjoy the mineral riches of the sea-bed within their territorial jurisdiction. But more immediately another more basic commodity—fish—provides their opportunity and their challenge.

How they handle the fish may provide the biggest test of their nationhood and integrity and even of their independence. The simple problem is that these small countries have to learn not only how to catch fish but also how to deal with the "sharks"—the big factory fleets and the ambitious big powers prowling the Pacific waters with greedy hopes.

Second scramble

A number of officials of the Pacific countries look anxiously at the increased naval activity which they fear may be the opening shots in what Mr. A. V. Hughes, secretary to the finance ministry in the Solomons, calls "the second scramble for the Pacific."

With the independence at the end of July of Vanuatu (formerly the New Hebrides) the number of independent or self-governing Pacific states has risen to double figures. Their populations range from 600,000 on Fiji and 220,000 in the Solomons to a few thousand each on Nauru, Tuvalu and Niue.

Just how much difference the extension of the territorial waters to 200 miles has made can be seen by looking at the sea area of the countries in relation to their land area. Overall the countries of the South Pacific Commission, Papua New Guinea excluded, have sea jurisdiction 296 times their land area. In the case of tiny Pitcairn Island, still a British dependency, the sea area is 160,000 times the size of the five square miles of land that is the island. Among the independents, Tuvalu (formerly the Ellice Islands) has a sea area 34,615 times its land mass; the Solomons have comparatively the smallest sea area, only 47 times their land mass.

In country after country the economic profile of the Pacific islands reads simply subsistence farming and fishing. Nauru of course has phosphate mining which makes it the richest country in the world in per capita terms. Fiji has sugar and coconuts, and the Solomons have some coconut plantations. But generally the land offers a poor livelihood.

Traditionally, too, fishing has only been subsistence. The coastal resources of the small islands are mostly those of tropical reef or lagoon environments. They harbour a diversity of marine organisms including fish, crustaceans and molluscs. But the relative productivity of marketable fish and sea foods is small because the areas are not suitable for trawling and there are seldom enough pelagic (non-bottom feeding) species vulnerable to seine netting. In addition the small fishing boats are often at the mercy of the weather and vessels cannot work for long periods of the year.

Even outside the immediate coastline there is little continental shelf and the smallness of the land mass means that there is little nutrient run-off to enrich the immediate waters. But with the 200-mile jurisdiction the wider sea waters provide chances for developing proper fishing industries.

The offshore fish catch within the 200-mile territorial waters is about four times the size of the total local fish catch by the Pacific island states. More than 90 per cent of the fish—190,000 tonnes out of 205,000 tonnes in 1976, according to Pacific Commission research estimates—is tuna.

So the fish already exist and are being caught and marketed; one question for the Pacific islands is how to get their share of the fishing industry.

Since the tuna is a highly migratory species, there are highly seasonal fluctuations in the numbers of fish within any one 200 mile zone. Co-operation between states on a broad regional basis would be a good way of ironing out the fluctuations in a fleet's fishing season.

Co-operation could also be important in building and maintaining a fishing fleet. It is expensive to build and operate a fishing boat. An average 300-tonne pole-and-line or longline vessel used in the distant waters of the central and western Pacific costs more than $1m to build and about $1 a year to run. An average U.S. tuna purse seine trawler of 1,000 tonnes costs $6m to build and $2m a year to operate.

But the biggest need is to catch enough fish to keep the fleet at seas economically. To sustain a viable fleet it is necessary to catch about 8,000 tonnes of tuna a year, which would mean having at least 10 boats. Most of the small states would not have enough fishermen, let alone the technical or management teams, to support such a fleet on their own. Also, if a live-bait fishing fleet is to catch 8,000 tonnes a year it needs 240 tonnes of bait catches—which again is more than the total fish catch of the small islands.

If fishing is to develop some processing is also necessary. One reason is that if fish is exported only in a frozen state freight costs are more than $200 a tonne, high enough to threaten the whole viability of the fishing. But a tuna cannery needs annual production of between 10,000 to 15,000 tonnes of fish to make it economic, plus water and power supplies which are beyond many of the Pacific States on their own.

Co-operation

So the message is that the Pacific States must combine and co-operate. Even if they do not want their own fleets but merely want to licence the big foreign operators there is an advantage in having a common policing policy. Otherwise the bigger and richer foreigners can play one State against another.

The need to sort out the fishing industry may not seem important but it is a test case for the future of the Pacific islands control of other and more important commodities in their territorial waters. Unless the islands can work together they may find they have shrugged off one kind of colonial dependence only to swim into the jaws of sharks.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange following the gains in silver and gold. After opening at £860 forward metal moved ahead in fairly active trading and touched the *day's high of £875 before reacting to* £870 following news that Kennecott have reached agreement with copper workers. However, fresh demand was noted on the late Kerb and three months lifted to close at £874. Turnover: 15,425 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	843-3.0	+10	849-50	+8.5
3 months	866-6.5	+11.5	870.5-1-5	+8.5
Settlem't	843-5	+10	—	
Cathodes				
Cash	818-9	+14.5	820-1	+8.5
3 months	838-40	+11	845-6	+75.5
Settlem't	819	+14	—	.....
U.S. Prod	—	.....	*97.5-86.25	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £845, 44, 43, 42, 43; three months £868, 67.5, 68, 69, 68.5, 68, 67, 66, 66.5. Cathodes: Cash and three months untraded. Kerb: Wirebars: Three months £867, 68, 67.5, 68. Cathodes: Untraded. Afternoon: Wirebars: Cash untraded; three months £873, 72.5, 71, 71.5, 71, 70.5. Cathodes: Cash untraded: three months £845. Kerb: Wirebars: Three months £872, 71, 72, 73. Cathodes: Untraded.

TIN—Sharply higher following heavy speculative buying which triggered chartist and stop-loss buying. Forward metal opened firmer at £7,210 and touched the day's high of £7,305 on the morning Kerb. However, in the afternoon profit-taking set in and three months eased back to close the late Kerb at £7,280. Turnover: 1,520 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7240-50	+149	7225-35	+727
3 months	7280-90	+146	7275-85	+155
Settlem't	7250	+740	—	.....
Standard				
Cash	7240-50	+152	7225-35	+127
3 months	7280-90	+145	7275-85	+742
Settlem't	7250	+155	—	.....
Straits. E.	‡$2180	+5	—	.....
New York	—	.....		

Morning: Standard: Cash £7,250, 40; three months £7,210, 30, 50, 40, 50, 60, 70, 80. High Grade: Untraded. Kerb: Standard: Cash £7,250; three months £7,290, 85, 80, 90. High Grade: Untraded. Afternoon: Standard: Cash £7,230; three months £7,300, 05, 7,300, 7,290, 80, 75. High Grade: All untraded. Kerb: Standard: Three months £7,280, 85. High Grade: Untraded.

LEAD—Moved ahead reflecting the gains in gold, silver and copper. Three months opened at £378 and gradually moved up to touch £390 in the afternoon rings following speculative interest which prompted stop-loss buying. This level encouraged trade selling and profit-taking, however, and forward metal dipped to close the late Kerb at £385. Turnover: 9,975 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	371-2	+21	371-2	+12.5
3 months	385.5-6	+20.7	386.7	+15.5
S'ment	372	+21	—	.....
U.S. Spot	—	.....	*48	.....

Morning: Cash £370, 71; three months £380, 81, 82, 83, 84, 85, 84, 83, 84, 85, 85.5. Kerb: Three months £386, 85. Afternoon: Cash untraded; three months £387, 89, 88.5, 89, 88, 87. Kerb: Three months £385, 86, 86, 84.5, 85.

ZINC—Marginally firmer in quiet and routine trading with the market influenced by the strength of other metals. Forward metal opened around £337 and edged up to £342 before closing the afternoon Kerb at £340.5. Turnover: 6,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	327.5-8.5	+6.25	329.5-30.5	+4.8
3 months	339.5-40	+7	341.5-1.75	+5.12
S'ment	328.5	+6.5	—	.....
Primw'ts	—	.....	*38.5-37.25	—

Morning: Cash £328; three months £340, 39, 40, 39.5. Kerb: Three months £339, 39.5. Afternoon: Cash untraded; three months £340, 41, 42, 41, 40.5, 41, 41.5, 42, 41.75. Kerb: Three months £340.5.

ALUMINIUM—Firmer although trading remained quiet. Forward metal opened at £706 and moved ahead to touch £710 *before ending the day at £709.5*. The contango narrowed to around £4 reflecting a tightening in the nearby supply situation. Turnover: 5,250 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	† + or —
	£	£	£	£
Spot	703-4	+12.5	704-6	+9
3 months	707-7.0	+8.75	707.5-8	+4.25

Morning: Cash untraded: three months £708, 7.5, 7. Kerb: Three months £707. Afternoon: Cash untraded: three months £710, 9.5, 10, 9, 8.5, 8. Kerb: Three months £709.

NICKEL—Higher in line with other metals. Forward metal began the day at £2,785 and moved up to briefly touch £2,800 on modest fresh buying before closing the late Kerb at £2,789. Turnover: 210 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2750-75	+55	2760-80	+50
3 months	2785-90	+45	2790-5	+50

Morning: Cash untraded: three months £2,785. Kerb: Three months £2,790, 95. Afternoon: Cash untraded; three months £2,800, 2,795. Kerb: Three months £2,795.

** Cents per pound. ‡ $M per picul.*
† On previous unofficial close.

COMPANY NOTICE

READY MIXED CONCRETE LIMITED

7¾% Bonds 1987 FF 80,000,000

NOTICE IS HEREBY GIVEN to Bondholders of the above loan that the amount redeemable on October 25, 1980, i.e. FF 4,000,000 was bought in the market.

Amount outstanding: FF 53,600,000.—

Trustee: The Law Debenture Corporation Limited.
Principal Paying Agent: KREDIETBANK S.A. Luxembourgeoise, Luxembourg.

September 9, 1980.

COCOA

Renewed commission house short-covering caused cocoa futures to remain steady throughout the day ending in gains of £15 from Friday's levels. First-hand selling from West African producers in limited quantities was well absorbed although manufacturers still remain inactive, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep.	959-961	+24.0	963-950
Dec.	995-994	+16.5	998-983
March	1032-33	+16.0	1038-25
May	1053-54	+16.0	1007-40
July	1072-74	+16.5	1075-68
Sept.	1087-93	+9.0	1094-92
Dec.	1105-12	—	1115

Sales: 2,471 (1,151) lots of 10 tonnes.

COFFEE

In poor volume and quiet trading conditions, coffee futures consolidated *in a very tight trading range throughout a featureless day*, reports Drexel Burnham Lambert. There was no fresh fundamental news and physical activity remained very light.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	1070-72	+21.5	1072-65
Nov.	1116-18	+15.5	1120-06
January	1160-62	+17.5	1109-46
March	1187-88	+29.0	1165-65
May	1193-1228	+25.0	1185-60
July	1205-20	+25.5	1198-90
Sept.	1230-50	+15.3	—

Sales: 2,526 (2,159) lots of 5 tonnes.

ICO indicator prices for September 5 (*U.S. cents per pound*). *Other Mild* Arabicas 127.33 (same). Robustas ICA 1976 126.00 (124.00). ICA 1968 126.25 (124.25). Unwashed Arabicas 211.50 (210.00). Comp. daily ICA 1968 165.22 (163.89).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged but traded higher throughout the morning. A spurt of general buying before lunch closed the market 55p-60p up *on wheat* and 25p-45p up on barley. The afternoon session saw continued country buying in wheat but barley was *neglected* and closed below the lunchtime level, reports Acli.

WHEAT			BARLEY	
M'nth	Yesterday close	+ or —	*Yesterday* close	*+ or* —
Sept.	96.26	+0.55	89.95	+0.25
Nov.	99.90	+0.60	95.50	+0.05
Jan.	104.10	+0.60	97.75	+0.15
Mar.	107.85	+0.55	101.45	+0.20
May	111.40	+0.70	105.00	+0.25
July	114.90	+0.85	—	.....

Business done—Wheat: Sept. 96.25-96.50, Nov. 100.00-99.25, Jan. 104.10-103.50, March 107.85-107.20, May 111.40-170.70, July 114.80-114.75. Sales: 357 lots of 100 tonnes. *Barley*: Sept. 89.95-89.75, Nov. 93.70-93.35, Jan. 97.90-97.65, March 101.45-101.35, May 105.15-104.75. Sales: 119 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Other mill wheat Eastern 85.60, E. Midlands 96.30. Feed barley Eastern 85.80, E. Midlands 86.10, N. East 85.60, Scotland 82.10.

IMPORTED—Wheat: U.S. Dark Northern Spring No 2 14 per cent Sept. 96.50, Oct. 99.25, Nov. 102.00, Dec. 104.00 transhipment east coast. U.S. Hard Winter 13½ per cent Oct. 99.78, Nov. 702, Dec. 103.75 transhipment east coast. *Maize*: U.S./French Sept. 122 transhipment east coast. S. African *Yellow Sept./Oct. 90.00*. *Barley*: English Feed fob Oct. 96.50, Nov. 97.50 east coast sellers. Sept. 91.50, Jan. 101.50 paid east coast. Rest unquoted.

SILVER

Silver was fixed 43.7p an ounce higher for spot delivery in the London bullion market yesterday at 748.25p. U.S. *equivalents of the fixing levels* were: spot $19.10, up $1.071; three-months $18.658, up $1.133; six-month $19.284, up $1.193; and 12-month $20.326, up $1.21. The metal opened at 721p-725p ($17.4-$17.5) and closed at 780p-788p ($19.85-$19.05).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	748.25p	+43.7	784.0p	+68.6
3 months	779.75p	+47.3	815.5p	+75.5
6 months	809.75p	+48.2	—	.....
12 months	860.0p	+58.7	—	.....

LME—Turnover 201 (149) lots of 10,000 ozs. Morning: three months 780, 81, 80, 79, 78, 80, 85, 86, 87, 86. Kerb: three months 787, 88, 89, 90, 93, 95. Afternoon: three months 815, 18, 20, 21, 20, 21, 18, 18. Kerb: three months 819, 19, 18, 21, 22.

TEA AUCTION

LONDON TEA AUCTION — 49,707 packages were on offer at yesterday's auction. After a hesitant start, demand improved. New seasons Assams sold quite well. East Africans closed fully firm, Malawis were very irregular with the majority losing 2-4p, while Mozambiques met fair enquiry. Brighter Ceylons met better demand than last week but only after a drop of 3p-5p. Quotations: Quality 132p per kilo (135p); Medium 96p (94); Plain 58p (58).

RUBBER

The London physical market opened easier, with good terminal interest at lower levels, closing quietly steady. *Lewis and Peat reported an fob* October price for No. 1 RSS in Kuala Lumpur of 311 (312) cents a kilo and SMR 20 at *273 (275)*.

No. 1 R.S.S.	Business Done	Yest'day Close	Previous Close
Oct.	65.00-65.10	64.40-65.70	66.20-66.18
Nov.	66.10-66.20	65.20-65.40	65.10-66.00
Oct-Dec	66.00-66.20	65.20-65.30	66.00-65.00
Jan-Mar	69.70-69.50	68.60-68.80	69.90-68.00
Apr-Jne	72.90-75.00	71.70-71.80	73.00-71.30
Jly-Sept	75.80-75.90	74.60-74.70	76.00-75.00
Oct-Dec	78.20-78.50	77.10-77.20	78.50-78.00
Jan-Mar	80.50-80.80	79.60-79.70	79.30
Apl-Jne	83.50-83.60	82.50-82.60	—

Sales: 439 (882) at 15 tonnes; 72 at 5 tonnes.

Physical closing prices (buyer) were: Spot 64.00p (same); Oct. 65.50p (65.00p); Nov. 66.50p (66.00p).

SOYABEAN MEAL

The London market opened £1.00 *higher* and with *continued commission* house buying, coupled with short covering, prices gained a further £2.00 to close *£3.00 up on the day*, reports T. G. Roddick.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
October	125.00-25.5	+2.50	126.50-26.00
December	129.80-30.0	+2.85	130.00-27.00
February	131.50-32.2	+2.80	132.00-29.00
April	132.50-33.5	+5.15	133.00-30.50
June	132.00-34.0	+2.00	—
August	132.00-35.0	+2.00	—
October	133.00-37.0	+1.75	—

Sales: 357 (230) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £305.00 (£307.00) a tonne cif for Sept.-Oct. shipments. White sugar daily *price was £306.00 (same)*.

Following news that Egypt had bought four cargoes on Saturday, prices moved higher and by the close were up to £3 above pre-weekend levels, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct.	322.00-22.50	320.50-21.00	322.75-17.00
Jan.	336.00-38.50	334.00-35.00	336.25-32.00
Mch.	343.00-49.25	347.50-47.70	358.00-45.00
May	347.50-47.75	346.00-46.25	348.00-42.00
Aug.	340.50-41.25	358.00-38.50	341.00-37.00
Oct.	323.25-30.00	328.25-28.50	330.00-26.25
Jan.	308.25-08.00	304.00-08.50	—

Sales: 3,886 (6,248) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Oct. 329.25, 330.00, 330.00-325.00, 118. *Sales*: 118 (213).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £395.00 (£396.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 5. Daily price 31.30 (32.10): 15-day average 31.27 (31.41).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. *Oct.* 455.5, 456.0, 456.0-455.0, 41; Dec. 463.5, 464.0, 465.0-464.0, 27; March 474.0, 474.5, 475.0-474.0, 28; May 477.0, 478.0, 479.0-479.0, 47; July 480.0, 481.0, 482.0-481.5, 4; *Oct.* 480.0, 481.0, untraded; *Dec.* 483.5, 486.0, 483.5-482.0, 5; March 485.0, 488.0, untrade. Sales: 153.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business, sales). New Zealand *cents* per kilo. Oct. 359, 362, 361, 2; Dec. 365, 375, nil, nil; Jan. 369, 376, 373, 2; March 373, 379, nil, nil; May 373, 379, nil, nil; Aug. 374, 380, nil, nil; Oct. *375*, 380, nil, nil; *Dec.* 378, 382, 378, 2; Jan. 378, 385, 380, 2. Sales: 10.

BRADFORD—Prices for tops were unchanged, with business done only in small weights. Prices in some cases for tops, *and for other raw materials* and semi-manufactures, are particularly low as financing pressures are forcing stockholders or manufacturers to sell to obtain a better cash flow.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 8 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/875
Free Mkt	$1700/1750	.....	$1760/90
Copper			
Cash w'bar	£849.5	+8.5	£894.5
3 mths	£871	+9.5	£914.5
Cash Cathode	£820.5	+9.5	£865.5
3 mths	£845.5	+10.5	£890
Gold troy oz	$672.5	+21	$617.5
Lead Cash	£371.5	+18.5	£321.5
3 mths	£386.5p	+15.5	£375.5
Nickel	£5,205.06	.....	£5,166.45
Freemkt (cif) (lb)	280/315c	.....	290/305c
Platin'mtr'y oz	£202	.....	£182.50
Free mkt	£290.5	+9.55	£266.9
Quicksilver†	$405/415	.....	400/415
Silver troy oz	748.25p	+43.7	660.25p
3 mths	772.75p	+47.3	687.35p
Tin Cash	£7,230	+127.5	£7,167.5
3 mths	£7,280	+142.5	£7,117.0
Tungsten 22.04lb	$144.87	.....	$145.59
Wolfrm 22.04 lbs	$161/164	.....	$148/151
Zinc cash	£329.5	+4.65	£318
3 months	£341.625	+5.125	£350.25
Producers	$780	.....	$780
Oils			
Coconut (Phil)	$510x	+5	$640
Groundnut	‡	.....	‡
Linseed Crude	£597	.....	£407
Palm Malayan	$547.0r	+2.5	$542.5
Seeds			
Copra Philip	$405	.....	$440
Soyabean (U.S.)	$340t	+5	$30.70
Grains			
Barley Futures	£93.50	+0.05	£94.70
Maize			
French No3AM	£128	−0.50	£125
Wheat			
No.1 Red Spg.	‡	.....	‡
No2HardWint	£99.70t	.....	£95.20
Eng. Milling†	‡	.....	‡
Other commodities			
Cocoa ship't	£1,054	+20	£1,042
Future Dec.	£923.5	+18.5	£1,030.6
Coffee Ft' Nov.	£1,117	+15.5	£1,225.5
Cotton A, Index	105.80c	+2	93.40c
Rubber (kilo)	64p	.....	58p
Sugar (Raw)	£305	−2	£330
Woolt'ps 64s kl.	287p kilo	.....	286p kilo

‡ Unquoted. t Oct. u Sept.-Oct. v Nov. z Indicator. § Buyer. † Per 76-lb flask. * Nominal.

POTATOES

LONDON POTATO FUTURES — The market was again quiet, with trade waiting for positive physical news before re-entering, reports Coley and Harper. Closing prices: Nov. 40.70 −30 (high 41.00, low 40.70); Feb. 47.10 −40 (high 47.10, low 47.00); April 54.10 −40 (54.20). Turnover: 14 (9) lots of 40 tonnes.

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Trading was exceedingly light as dealers were not prepared to enter *into fresh commitments*. A limited demand was encountered, mostly in Russian and Turkish styles, but the overall uptake was very uneven.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on September 8. GB Cattle 73.74p per kg lw (−0.89). UK Sheep 715.77p per kg est dcw (+1.99). GB Pigs 66.01p *per kg lw (+1.03)*.

SMITHFIELD—pence per pound. Beef: *Scotch killed* sides 61.0 to 65.5; Ulster hindquarters 71.5 to 74.5, forequarters 41.0 to 42.5; Eire hindquarters 71.7 to 74.7, forequarters 39.7 to 41.7. Veal: Dutch hinds and ends 103.0 to 106.0. *Lamb*: English small 54.5 to 80.0, medium 52.5 to 57.0, heavy 45.9 to 50.2; Scotch medium 53.0 to 59.0, heavy 44.0 to 50.5; *Imported frozen*: NZ pl 56.0 to 57.0 pm 50.0 to 51.0. *Pork*: English, under 100 lbs 39.0 to *47.0*, 100-120 lbs 38.0 to 46.0, 120-160 lbs 38.0 to 44.0. Grouse: Young best (each) 200.0 to 240.0, *Old* (each) 100.0 to 140.0.

AMERICAN MARKETS

NEW YORK, September 8.

THE LIVESTOCK complex was sharply higher. Precious metals experienced one of the strongest rallies ever as prospects of higher Saudi oil prices *dominated the market*. Copper and sugar markets rallied in sympathy with gold. Coffee and cocoa attracted speculative buying because of their cyclically low levels. Cotton rallied but lost most of the gains on the close. Grains and soyabeans rallied from the opening but did not hold their best levels, reported Heinold.

Potatoes (round whites)—Nov. 94.6 (91.0), March 134.3 (129.5), April 156.5-157.0. Sales: 3,985.

Tin—810.0-819.0 (795.0-796.0).

CHICAGO, September 8.

Lard—Chicago loose 22.50 (same). New York prime steam unavailable.

Live Cattle—Oct. 69.30-69.25 (68.92), Dec. 71.40-71.20 (70.67), Jan. 71.87, Feb. 73.00-72.75, April 74.70-74.60, June 75.70-75.65, Aug. 75.62.

Live Hogs—Oct. 45.85 (44.35), Dec. 49.60 (48.10), Feb. 52.70, April 51.60, June 55.70, July 56.55, Aug. 54.25, Oct. 51.50, Dec. 53.00.

‡‡Maize—Sept. 358¾-358¼ (357¾), Dec. 361¾-361¼ (358), March 372½-372, May 377¾-377, July 377¾-377¾, Sept. 369½-369.

Pork Bellies—Feb. 66.60 (64.90), March 67.75 (65.15), May 67.85, July 69.00, Aug. 67.30.

†Soyabeans—Sept. 828½ (810¼), Nov. 850-846½ (831¾), Jan. 868-867, March 886-884½, *May* 892, July 892½-891½, Aug. 889, Sept. 857.

‖Soyabean Meal—Sept. 238.7-239.0 (233.5), Oct. 240.0-240.5 (243.9), Dec. 245.0-245.5, Jan. 247.2-248.0, March 251.5-251.0, May 250.5, July 251.0, Aug. 247.5-248.0, Sept. 245.5-246.5.

Soyabean Oil—Sept. 27.70-27.75 (27.37), Oct. 27.90-27.95 (27.57), Dec. 28.55-28.50, Jan. 28.70-28.80, March 29.25, May 29.40, July 29.55, Aug. 29.40-29.50, Sept. 29.33-29.45.

†Wheat—Sept. 472 (470), Dec. 494-492½ (490½), March 512½-512, May 518½-515, July 513½-515, Sept. 520½.

WINNIPEG, Sept. 9.

§Barley—Oct. 139.10 (138.70), Dec. 138.40 (137.80), March 138.60, May 139.40, July 138.40.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Sept. 8.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 *per cent*, *Oct.* $210, Nov. $218, Dec. $223, Jan. $228, Feb. $232, March $236. U.S. No. 2 Red Winter Oct. $204, Nov. $206. U.S. No. 2 Northern Spring, 14 per cent, Sept. $210, Oct. $213.50, Nov. $221, Dec. $226, Jan. $245, Feb. $250, March $252.

Maize—Afloat $169, Sept. $168, Oct. $168.50, Nov. $169.50, Dec. $173, Jan./March $179, April/June $179, July/Sept. $178.50.

Soyabeans—U.S. Two Yellow Gulfports Sept. $329.75, Oct. $331.75, Nov. $333.60, Dec. $340.75, Jan. $345, Feb. $351, March $352.50, April $355, May $356, June $357.50. Argentine afloat

Soyameal—44 per cent protein, U.S. afloat $284, Sept. $284, Oct. $289, Nov./March $299. Brazil Pellets afloat $288, Sept. $293, Oct. $300, Nov./March $312.

PARIS, Sept. 8.

Cocoa—(FFr per 100 kg): Sept. 885-945, Dec. 960-975, March 1,000-1,005, May 1,020-1,038, July 1,030-1,050, Sept. 1,040. Sales at call: nil.

Sugar—(FFr per 100 kg): Oct. 3,095-3,099, *Nov. unquoted*, *Dec.* 3,200-3,205, March 3,320-3,329, May 3,300-3,340, July 3,320-3,290, Aug. 3,200-3,290, Oct. 3,100-3,130. Sales at call: 1.

INDICES

FINANCIAL TIMES

Sep. 5	Sept. 4	Mnth ago	Year ago
277.21	273.55	273.56	286.21

(Base: July 1, 1952=100)

MOODY'S

Sept. 5	Sept. 4	M'nth ago	Year ago
1251.3	1246.2	1231.5	1111.3

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 3	Sept. 4	Month ago	Year ago
Spot	443.57	443.88	446.59	401.31
F'tur's	468.15	465.60	455.92	405.17

(Average 1924-25-26=100)

REUTERS

Sept. 2	Sept. 5	M'nth ago	Year ago
1738.2	1727.0	1710.4	1584.4

Base: September 18, 1931=100)

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—(boxes of 72) S. African: 5.30-5.85. Californian: 6.60; Brazilian: 5.80. Lemons—Italian: 100/150 6.05-9.50; Spania: Trays 25/45 2.40-2.80, boxes 5.50-6.00; *S. African: Trays 45/75* 4.50-5.30, boxes 100/185 7.00-10.00. Grapefruit—Outspan: Marsh Seedless 4.50-8.75; Uruguayan: 36/72 5.00-7.00; Honduras: 36/48 6.50-9.80. Tangerines—*Brazilian*: Honey ½-boxes 4.30-4.50. Apples—French: Golden Delicious approx. 20-lb, 72 2.20; 40-lb 125/150 4.40-4.50; Spanish: Granny Smith 40-lb 7.00-8.00, ½-boxes 4.00-4.50. Pears—French: *Per 28-lb* Dr. Guyot 1.80, Williams 3.40; Italian: Per pound Williams 0.10-0.12½. Peaches—Italian: 1½-trays 1.20-2.60; French: 1.20-1.40. Nectarines—Italian: 4.00-4.60. Plums—Italian: Boxes, Belles/Stanleys/Giant Prunes per pound 0.08; Hungarian: Switzens 13-lb 1.30; Greengages. Spanish: 2.20-2.80. Grapes—Cyprus: Per pound Sultana 0.20-0.25, Alphonse Lavallee 0.25, Thompson 0.25; *Italian*: Per pack Regina 2.30-2.50; French: Alphonse Lavallee, 6-kilos 3.90. Melons—Spanish: Yellow 10-kg 2.60-3.20. Water-Melons—Greek: Per 15-kg 3.00; *Italian: 18-kg 6s 3.60*. Bananas—Jamaican: 28-lb, per pound 0.19. Tomatoes—Jersey: 2.70-3.00; Dutch: 3.00-3.20; Guernsey: 3.00-3.40. Onions—Spanish: 3.40-3.50; Dutch: 2.70-2.80; *Italian: 25-kg 3.40*. Cabbages—*Dutch*: White 3.00-3.20.

English Produce: Potatoes—Per bag, new 1.20-1.80. Mushrooms—Per pound 0.60-0.80. Apples—Per pound Grenadier 0.04-0.05, Howgate 0.06-0.07, Derby 0.07, Tydeman's Early Worcester 0.10-0.16, Discovery 0.12-0.19, Bramleys 0.10-0.12, Worcester Pearmain 0.12-0.19. Pears—Per pound Williams 0.08, Dr. Jules 0.06, *Conference* 0.10. Plums—Per 12-lb Belles 1.00, Victorias 1.20, Droopers 0.70, Damsons 1.20. Strawberries—Per ½-lb 0.30-0.40. Cabbages—Per bag 1.40-1.50. Cauliflowers—Per 12 1.80-2.50. Beetroots—Per bag 1.00-1.20. Cucumbers—Trays 10/20 1.60-2.20. Tomatoes—Per 12-lb 2.70-3.00. Lettuce—Per 12, round 0.70-1.00, Cos 1.20, Webbs 1.20. Sprouts—Per *pound 0.03-0.06*. Corn Cobs—*Each 0.10-0.12*. Carrots—New crop 28-lb 1.00-1.50. Onions—Per bag 2.40-2.70. Celery—Per pack 20/30 3.00, naked 12s 1.20-1.50. Capsicums—Per pound *0.25*. *Runner Beans—Per* pound 0.14-0.16. Swedes—Per 28-lb Devon 1.00. Courgettes—Per pound 0.15-0.15. Cob Nuts—Per pound 0.40-0.45. Marrows—Box 12/15 1.20. Onions—Per bag. *Picklers 3.00*.

★

GRIMSBY FISH—*Supply good, demand fair*. Prices at ship's side (unprocessed) per stone: Shelf cod £3.00-£5.60, codlings £2.0-£3.60. Large haddock £3.00-£3.80, medium £1.60-£2.20. Large plaice £5.00-£5.60, *medium* £4.00-£4.80, best small £3.00. Skinned dogfish (large) £8.60, (medium) £7.00. Lemon soles (large) £8.50-£9.80. Saithe £2.00-£2.80.

Gilts and Golds dominate with latter at record highs

Further sales of tap stock nears exhaustion

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6
Sept. 29	Oct. 9	Oct. 10	Oct. 20

* " New time " dealings may take place from 9 am two business days earlier.

Investment incentive at the start of the second leg of the stock market trading Account was contained by the imminence of several important economic pointers. These began with yesterday's wholesale price indices, to be followed today by the August banking statistics and on Friday by the retail price indices. For much of yesterday's session, Gilt-edged securities marked time after last week's upturn, reflecting on the growing criticism of Government economic strategy. This also helped to suppress any further enthusiasm for leading equities, which drifted a shade easier in a thin trade.

However, a hardening tendency in Gilts ahead of the price indices gathered strength on the announcement of the fifth consecutive monthly fall in manufacturing industry's costs. The Government broker was able to sell more of the partly-paid medium tap stock, Treasury 11¾ per cent 1991 " A," at 46⅛ and withdrew at this price; he was not tested at a higher level but it was assumed that his supplies of the stock must be nearing exhaustion.

The busiest period of the day's trade was the last half-hour, during which several longer-dated stocks rose about ½ while medium-coupon issues moved up ¼. Shorter-dated Gilts were relatively subdued and, after hovering around Friday's closing levels, ended with fractional mixed changes.

A slightly firmer trend was discernible in leading shares at the outset, but it was soon dissipated and the FT Industrial Ordinary share index eased progressively to stand 2.9 down at 3.00 pm before rallying to close a net 2.4 off at 492.0. Leading Oils failed to extend Friday's firmness and often shed initial gains of a few pence to end that much cheaper, but Press comment aroused further speculative activity which led to fresh sharp gains in Double Eagle and Warrior.

South African Gold shares soared to record levels, as measured by a jump of 19.5 in the FT Gold Mines index to its best-ever 447.5, following widespread demand. The bulk of the buying came from the U.S. and South Africa and was in recognition of the continuing strength of the bullion price. Individual share price movements ranged to two points and more among selected heavyweight Golds.

Yesterday saw 1,041 contracts completed in the Traded option market, making it the busiest Monday session since the middle of July. Racal Electronics were the most active, recording 199 deals, while 150 were done in Consolidated Gold Fields: the latter's annual results are due next Wednesday.

Hambros fall

Adverse comment on the group's Norwegian shipping interests prompted selling of **Hambros Bank** which fell to 523p before closing a net 21 down at 533p. Elsewhere in merchant banks, **Minster Assets** hardened 1½ to 60½p with sentiment still holstered by the increased stake recently taken in the company by Britannia Arrow. **Standard Chartered** relinquished a few pence to 555p awaiting today's interim figures, while **Hong Kong and Shanghai** gave up 6 to 140p on far-eastern advices. **UDT** softened a penny to 44p following a " sell " recommendation.

Christopher Moran stood out in Insurances, rising 3 to 24p on speculative buying. **London United Investments** hardened a couple of pence to 162p on the cautiously optimistic interim statement. **Prudential** eased a penny to 235p ahead of Thursday's mid-term results. **C. E. Heath** gave up 3 to 190p and **Willis Faber** lost 4 to 230p; the latter's first-half figures are due next Tuesday.

Business in the drinks sector was slow to develop and the Brewery leaders closed virtually unaltered on Friday's closing levels. Among Wines and Spirits, further support was noted for **Amalgamated Distilled Products**, 3 up at 44p, while **Matthew Clark**, 136p, reverted to unchanged after dipping to 134p in immediate response to the annual results and slightly discouraging statement.

Building issues put on a rather uninspiring performance. Among the occasional movements, **Taylor Woodrow** edged up 6 further to 496p. **Aberdeen Construction** continued firmly at 139p, up 2, while favourable Press mention left **Comben Group** a similar amount higher at 36p. **Leyland Paint** closed a penny firmer at 28p awaiting tomorrow's interim results.

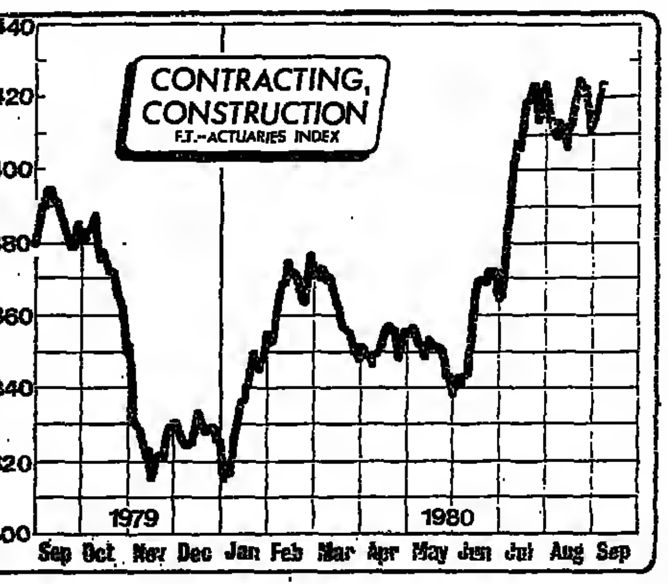
Among Chemicals, **ICI** moved narrowly before settling 2 dearer at 364p. Occasional support lifted **Leigh Interests** 3 to 173p, but **Arrow** encountered revived offerings and fell 5½ to 22½p.

D-I-Y issues easier

Dull on Friday following poor interim results from A. G. Stanley, D-I-Y issues were again unsettled and generally closed lower. Stanley gave up 3 for a two-day fall of 10 at 59p, while **Home Charm** lost 8 at 94p. **Harris Queensway** eased 2 to 160p, but **MFI** remained resilient and firmed a couple of pence to 61p. Elsewhere in secondary Stores, **Cornell Dresses** remained active following the bid approach from a Jersey company and touched a peak of 55p before profit-taking left the close a net 3 cheaper on balance at 49p. Recent speculative favourites, **Polly Peck**, 118p, and **H. Goldman**, 27p, fell 7 and 2 respectively, also on profit-taking.

Electrical leaders trended quietly lower before picking up a penny or two in places, **GEC** closing 2 off at 502p. **Thorn EMI**, however, finished around the day's lowest with a loss of 8 at 372p along with **Plessey**, 4 cheaper at 239p. Elsewhere, publicity given to a broker's circular stimulated buying interest in **Electrocomponents** which closed 12 to the good at 734p. **Laurence Scott** rose 6 to 66p on the share exchange offer, or cash alternative worth 60p per share, from **Mining Supplies**, down 3 at 140p. **Kode** firmed 5 to 298p and **Unitech** 6 to 328p, while revived demand prompted a gain of 4 to 130p in **Hawthorn Leslie**. In contrast, **Cray**, a good market of late, encountered profit-taking and gave up 5 to 63p, while **Dubilier**, down 3 at 71p, also met selling after recent firmness.

Trading in the Engineering sector was extremely slow and movements rarely exceeded a few pence either way. Sporadic support left **Simon** 4 to the good at 260p and **APV** a similar amount dearer at 202p, while **Hill and Smith** edged up 2 to 54p. Press mention stimulated occasional interest in **Astra Industrial** which closed a penny firmer at 19p. On the other hand, adverse comment ahead of tomorrow's interim figures left **Babcock** a shade lower at 90p and other leading issues were also inclined easier, where altered.



Last week's support for Foods subsided and the leaders drifted lower in a quiet business. Up 33 in the first leg of the Account, **J. Sainsbury** eased 4 to 496p, as did **Tate and Lyle**, to 156p. **Associated Dairies** shed a couple of pence to 230p, while **Linfood**, firm of late after good annual results, met profit-taking and dipped 3 to 162p. **Danish Bacon**, interim results due today, fell 6 to 106p.

Metal Box dull

Metal Box became a dull counter among the miscellaneous industrial leaders, falling 10 to 276p on news of the proposed factory closures at Winsford and Rochester. **Reckitt and Colman** also shed 10, to 200p, on nervousness ahead of today's interim results, while **Bowater** softened a couple of pence to 166p awaiting today's first-half statement. **Turner and Newall**, which report mid-term results on Thursday, cheapened 3 to 105p. Elsewhere, **St. Georges Laundry** stood out with a rise of 19 to 65p on the announcement that Messrs. Peter Dellar and Philip Dobson and associates have purchased 600,000 shares in the company at 60p to increase their stake to nearly 27 per cent. Up 105 last week following the proposed 100 per cent scrip-issue, **Aeronautical and General Instruments** put on 25 more to 555p with the help of Press comment, while **Manchester Ship Canal** continued to draw strength from a recent investment recommendation and closed 10 better at 227p. **Myson**, at 56p, retrieved 3 of last Friday's fall of 5 which followed the poor interim results, while **Bestobell** rose 4 to 276p in front of today's half-yearly figures. **Hallam Sleigh and Cheston** found support at 15½p, up 3, while investment buying lifted **Vinten** 8 to 190p. **BTR** gave up 3 to 378p despite the slightly-better-than-expected interim results and the sharp dividend increase. **Espernaza Trade and Transport** fell 8 to 112p on the lower profits. Reflecting far-eastern influences, **Wheelock Marden** fell 5½ to 43p and **Hutchison Whampoa** relinquished 8 to 96p.

Selected Motor Distributors ended with useful rises. **C. D. Bramall** added 4 to 86p following interim profits in excess of general expectations and the chairman's cautious optimism, while **Lex Service** firmed a similar amount to 88p after favourable Press comment. **Dorada**, interim results due tomorrow, rose 5 to 54p, but **Appleyard**, first-half results expected on Friday, shed 3 at 45p. Components traded quietly, but **Lucas**, still unsettled by production cuts and redundancies at the Girling subsidiary, gave up 4 for a two-day fall of 8 at 210p. **Dunlop** lost the turn to 74p, but increased speculative activity lifted **Flight Refuelling** 4 more at 252p.

Among Publishing issues, **Haynes**, as expected, reported annual profits below the prospectus forecast, but the shares, weak of late, rallied 5 to 128p. **Home Counties** remained dull following Friday's announcement of reduced interim profits and dividend and eased 5 for a two-day fall of 7 at 73p.

Properties were notable mainly for weakness in Hong Kong stocks on far-eastern advices. **Hong Kong Land** fell 12 to 136p on further consideration of the £100m assets and shares deal with **Jardine Matheson**, 6 lower at 170p. **Swire Properties** cheapened 6 to 67p and **Paul Y**, at 25p, lost a penny of last Friday's speculative improvement of 5. Elsewhere, **Percy Bilton** came on offer at 200p, down 8, the interim results are due on October 6.

Double Eagle up again

Marked up at the start in anticipation of further support after last Friday's marked revival, leading Oil shares encountered sellers and ended the day a few pence easier on balance. Exploration issues, however, held on to some useful gains. **Double Eagle**, up 190p more at 610p, and **Warrior**, 100 higher 380p, again featured following the Alaskan oil find. **Pict Petroleum** responded to Press mention with a rise of 15 to 360p, while **Pilgrim Petroleum**, up 20 at 230p, made progress for a similar reason. **Sovereign** gained 13 to 300p and **Berkeley** 8 to 193p.

Trusts maintained a firmer bias, with **Derby**, 220p, and **Altifund**, 273p, improving 5 and 3 respectively in Capital issues. **Cariiol** and **Tyneside** were both quoted at 4p ex the capital distributions. In Financials, adverse Press mention left **Charterhouse** 4 lower at 93p.

Best ever Golds

South African Gold shares continued to boom as the bullion price jumped $21 to $672.50 an ounce—its highest since July 7. The Gold Mines index advanced 19.5 to a record 447.5; the previous high of 442.3 was recorded on May 22, 1975, when bullion was changing hands at $174.50.

The sharemarket opened on a strong note, reflecting American interest late on Friday, and thereafter raced ahead following persistent and aggressive buying from all quarters, which again found the market short of stock.

Demand intensified in the after-hours trading as renewed large-scale American support developed. Consequently, closing prices were the day's best.

Heavyweights registered gains ranging to £2 and more with **Randfontein** £2¾ up at £35⅞ and **Free State Geduld** £2 firmer at £33⅝. Rises of over a point were common to **Hartebeest**, £36¾, **Vaal Reefs**, £35, **Western Deep**, £26¼, and **President Brand**, £26. Mediums showed **Venterspost** 53 to the good at 540p and **Grootvlei** 40 better at 555p.

Financials were equally good. In the South Africans, **Gencor** and **De Beers** rose 20 apiece to 950p and 470p respectively, **Anglo American** 15 to 715p, **Amgold** £1¼ to £46¼ and " **Johnnies** " a point to £32¼.

The London Financials surged ahead during the afternoon after a quiet start. **Gold Fields** were outstanding and closed 25 higher at 572p, while **Charter** put on 5 to 245p. **RTZ** put on 3 to 470p.

Australians staged a strong rally in the afternoon—after having drifted throughout the morning owing to bearish Press comment. The Golds surged ahead with **Poseidon** 32 up at 302p, **Gold Mines of Kalgurli** 7 to the good at 103p and **GMK** 12 better at 450p. **Hill 50 Gold** rose 4 to 44p.

In oil-shales, **International Mining** jumped 10 to 62p following the discovery in Queensland. **Geometals** found speculative support and gained 7 to 52p, while favourable weekend Press comment lifted **Target Petroleum** 8 to 32p.

Tins registered widespread losses reflecting profit-taking. **Berjuntai** dipped 15 to 255p and **Tongkah Harbour** 10 to 95p.

FINANCIAL TIMES STOCK INDICES

	Sept. 8	Sept. 5	Sept. 4	Sept. 3	Sept. 2	Sept. 1	A year ago
Government Secs.	69.63	69.44	68.93	69.04	68.50	68.09	73.11
Fixed Interest	70.57	70.50	70.16	69.95	69.61	69.27	73.64
Industrial	492.0	494.4	490.8	489.8	482.7	480.7	475.0
Gold Mines	447.5	428.0	410.5	405.0	401.0	387.1	198.2
Ord. Div. Yield	7.46	7.41	7.47	7.47	7.57	7.59	6.90
Earnings, Yld. % (full)	17.63	17.54	17.37	17.38	17.58	17.65	16.18
P/E Ratio (net) (*)	6.90	6.94	7.02	7.02	6.93	6.90	7.83
Total Bargains	20,382	18,731	18,787	18,365	16,988	16,375	15,482
Equity turnover £m.	—	111.72	118.00	97.88	93.95	80.42	63.30
Equity bargains total	—	14,028	13,602	14,046	11,863	11,851	11,95

10 am 494.1. 11 am 492.9. Noon 492.1. 1 pm 491.9.
2 pm 491.8. 3 pm 491.5.
Latest Index 01-246 8026.
*Nil = 6.44.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (15/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	447.5 (8/9)	265.5 (18/3)	447.5 (8/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 8	Sept. 5
—Daily		
Gilt Edged	87.0	105.1
Industrials	94.1	106.7
Speculative	63.6	67.5
Totals	65.8	74.0
5-day Avrge.		
Gilt Edged	103.3	104.5
Industrials	100.8	102.6
Speculative	52.5	50.6
Totals	70.0	70.8

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (112)

AMERICANS (5)
BANKS (1)
BEERS (1)
BUILDINGS (4)
CHEMICALS (1)
DRAPERY & STORES (1)
ELECTRICALS (7)
ENGINEERING (4)
FOODS (2)
HOTELS (2)
INDUSTRIALS (9)
INSURANCE (1)
PAPER (2)
PROPERTY (6)
TRUSTS (15)
OIL & GAS (5)
MINES (44)

NEW LOWS (24)

CANADIANS (1)
Rio Algom
CHEMICALS (3)
Arrow Chemicals — Croda Internatl. Dfd. — BASF AG
DRAPERY & STORES (1)
Stanley (A. G.)
ENGINEERING (3)
Brockhouse — Manganese Bronze — Clifford (Ch.)
INDUSTRIALS (8)
Booker McConnell — Hewitt (J.) — Chamberlain Phipps — Longton Industrial — Fitzwilton — Reed Executive — Hawtin — Watson (R. K.)
INSURANCE (1)
Howden (A.) Wts.
NEWSPAPERS (2)
Home Counties — Independent
SHIPPING (1)
Common Bros.
SHOES (1)
Garnar Scotblair
TEXTILES (1)
Blackwood Morton
TRUSTS (2)
Kitchen (Robt. T.) — Yule Catto

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	71	8	17
Corpns. Dom. and Foreign Bonds	4	1	80
Industrials	183	213	998
Financial and Prop.	82	106	307
Oils	27	9	20
Plantations	—	11	13
Mines	74	34	51
Others	39	56	69
Totals	480	436	1,585

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Mon., Sept. 8, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Sept. 5 Index No.	Thurs. Sept. 4 Index No.	Wed., Sept. 3 Index No.	Tues., Sept. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	285.80	−0.2	15.83	5.78	7.62	286.35	284.03	282.68	279.05	248.83
2	Building Materials (28)	253.14	—	18.27	6.74	6.49	253.15	252.31	251.12	251.88	234.98
3	Contracting, Construction (27)	422.77	+0.1	21.99	5.77	5.40	422.38	419.75	416.33	412.75	392.76
4	Electricals (17)	861.03	−0.5	11.19	3.08	10.95	864.94	851.53	846.45	831.03	645.33
5	Engineering Contractors (11)	343.69	+0.5	18.09	7.56	6.98	341.91	340.68	335.76	331.96	344.78
6	Mechanical Engineering (72)	182.91	−0.2	16.46	7.26	7.38	183.19	182.64	182.00	179.24	170.98
8	Metals and Metal Forming (16)	166.87	−0.1	21.11	10.06	5.66	167.09	166.40	166.82	163.24	161.97
11	CONSUMER GOODS (DURABLE) (49)	247.43	−0.5	15.15	5.16	9.07	248.67	244.78	244.34	241.11	244.36
12	Lt. Electronics, Radio, TV (14)	382.86	−0.5	12.63	3.68	12.11	384.68	376.34	375.83	371.35	352.57
13	Household Goods (14)	89.24	+0.1	27.15	11.48	4.65	89.16	89.26	88.67	87.06	147.87
14	Motors and Distributors (21)	100.23	−0.7	22.06	9.38	5.22	100.94	101.27	101.02	99.31	112.48
21	CONSUMER GOODS (NON DURABLES) (172)	243.11	−0.1	17.02	6.65	7.10	243.31	241.91	240.75	238.15	240.35
22	Breweries (14)	290.65	−0.1	15.64	6.34	7.46	291.09	288.64	288.20	289.56	291.04
23	Wines and Spirits (5)	333.88	+1.1	18.32	6.10	6.46	330.33	327.48	325.14	325.14	334.51
24	Entertainment, Catering (17)	339.31	+0.5	17.08	6.59	7.21	337.55	336.03	332.98	331.69	317.21
25	Food Manufacturers (22)	222.60	−0.3	18.18	6.79	6.48	223.31	223.53	221.74	218.64	212.92
26	Food Retailing (13)	385.95	−0.3	12.14	4.02	9.80	387.27	383.71	377.33	366.91	308.56
32	Newspapers, Publishing (12)	434.09	+0.5	22.05	7.22	6.06	431.84	431.43	427.35	427.75	425.79
33	Packaging and Paper (15)	127.36	−1.1	27.99	10.28	4.15	128.82	128.26	129.91	129.15	131.06
34	Stores (45)	241.08	−0.1	12.90	5.21	10.10	241.30	238.48	238.07	235.29	240.76
35	Textiles (21)	119.42	−0.3	26.24	12.89	4.64	119.77	121.29	121.32	119.46	155.73
36	Tobaccos (3)	230.71	—	24.88	10.09	4.57	230.71	230.71	228.74	223.81	246.63
37	Toys and Games (5)	25.78	—	8.72	14.79	26.50	25.78	25.97	25.62	26.09	71.99
41	OTHER GROUPS (99)	226.82	−0.3	15.60	6.86	7.69	227.59	226.79	226.60	223.92	207.52
42	Chemicals (16)	316.45	+0.2	17.17	7.62	6.83	315.85	314.87	315.40	312.19	289.24
43	Pharmaceutical Products (7)	231.76	−1.1	10.92	5.98	11.33	234.23	233.17	232.86	229.41	232.16
44	Office Equipment (6)	105.68	−1.6	19.45	7.85	6.01	107.35	107.27	106.61	104.67	123.70
45	Shipping (10)	606.02	−0.4	12.67	5.87	9.63	608.28	605.24	603.69	596.67	458.39
46	Miscellaneous (60)	282.33	−0.3	16.44	6.61	7.41	283.15	282.13	281.64	278.54	245.40
49	INDUSTRIAL GROUP (491)	257.98	−0.2	16.24	6.35	7.48	258.50	256.79	255.85	252.84	242.19
51	Oils (9)	799.56	−0.2	30.27	6.62	3.68	801.24	783.40	781.00	774.34	634.74
59	500 SHARE INDEX	300.95	−0.2	19.13	6.41	6.17	301.56	298.59	297.53	294.23	274.18
61	FINANCIAL GROUP (118)	240.70	−0.2	—	5.37	—	241.27	239.69	237.67	235.44	194.06
62	Banks (6)	241.94	—	42.23	6.95	2.83	241.94	240.97	239.16	236.50	221.06
63	Discount Houses (10)	286.67	+0.1	—	6.19	—	286.36	287.89	285.63	280.00	259.45
64	Hire Purchase (5)	223.01	−0.3	13.78	4.53	9.45	223.78	219.98	219.71	217.33	173.43
65	Insurance (Life) (10)	240.65	−0.3	—	5.30	—	241.26	241.84	240.90	238.69	163.17
66	Insurance (Composite) (9)	170.53	−0.4	—	6.61	—	171.15	168.29	164.93	164.22	129.36
67	Insurance Brokers (9)	316.07	−0.8	14.66	7.30	9.34	318.58	320.40	322.93	327.24	274.97
68	Merchant Banks (12)	140.36	−0.9	—	5.07	—	141.67	141.54	140.83	139.34	101.72
69	Property (45)	453.23	—	3.13	2.59	44.51	453.25	449.08	445.99	438.84	365.53
70	Miscellaneous (12)	145.85	−0.8	14.14	6.09	8.99	147.05	147.44	146.96	146.12	122.02
71	Investment Trusts (109)	269.77	−0.2	—	5.36	—	270.22	269.32	266.04	263.60	213.58
81	Mining Finance (3)	253.97	+2.3	11.83	4.12	10.18	248.36	247.99	243.75	238.84	132.78
91	Overseas Traders (20)	432.19	−0.2	11.64	6.33	10.35	433.25	431.68	430.05	425.90	345.71
99	ALL-SHARE INDEX (750)	289.52	−0.1	—	6.10	—	289.93	287.48	285.94	282.83	251.60

FIXED INTEREST PRICE INDICES

	British Government	Mon., Sept. 8	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.67	+0.04	—	7.62
2	5-15 years	111.40	+0.33	0.09	8.81
3	Over 15 years	116.86	+0.38	—	9.56
4	Irredeemables	129.30	+0.44	—	9.02
5	All stocks	111.04	+0.26	0.03	8.55

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Mon., Sept. 8	Fri., Sept. 5	Year ago (approx.)
1	Low Coupons	5 years	11.87	11.91	10.13
2		15 years	11.87	11.90	10.59
3		25 years	11.87	11.90	11.05
4	Medium Coupons	5 years	13.29	13.31	11.95
5		15 years	13.24	13.28	12.12
6		25 years	13.20	13.25	12.29
7	High Coupons	5 years	13.38	13.41	12.41
8		15 years	13.66	13.70	12.62
9		25 years	13.35	13.42	12.52
10	Irredeemables		11.41	11.45	10.86

		Mon., Sept. 9 Index No.	Mon., Sept. 9 Yield %	Fri. Sept. 5	Thur. Sept. 4	Wed. Sept. 3	Tues. Sept. 2	Mon. Sept. 1	Friday Aug. 29	Thurs. Aug. 28	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	58.91	†14.00	53.71	53.70	53.31	53.26	53.17	53.24	53.29	58.76
16	Investment Trust Prefs. (15)	51.57	15.15	50.54	50.50	50.09	50.09	49.80	50.36	50.89	51.60
17	Coml. and Indl. Prefs. (20)	67.88	13.22	67.50	67.54	67.88	67.85	67.89	67.98	68.08	71.32

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Double Eagle	npv	10	610	+190	610	118
Anglo-Am. Corp.	R0.10	8	715	+ 15	720	485
KCA Intl.	25p	8	100	+ 2	100	41
LASMO	25p	8	700	—	830	337
Western Mining	A$0.50	7	286	+ 2	313	177
Anglo-Am. Gold	R1	6	£46½	+ 1¾	£46½	£30½
ICI	£1	6	364	+ 2	402	348
NatWest Bank	£1	6	388	—	390	305
Premier Cons.	5p	6	75	+ 2	99	36
Shell Transport	25p	6	410	− 2	432	314
Warrior Resources	npv	6	380	+100	380	120
Blue Circle 'New'	Nil/pd.	5	46pm	− 4	52pm	46pm
BET Defd.	25p	5	135	− 4	150	108
BP	25p	5	356	− 2	412	320
Burmah Oil	£1	5	198	+ 3	249	162

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29
Oct. 6	Oct. 17	Jan. 8	Jan. 19

For rate indications see end of Share Information Service

Options attracted a more active business than of late and calls were dealt in Premier Oil, Silvermines, CRA, Dunlop, Johnson Matthey, R. P. Martin, Candecca, FNFC, Armitage Shanks, House of Fraser, Celtic Haven, Target Petroleum, Duport, BSR, Lasmo, Wilkinson Warburton, Ultramar, A. G. Stanley, Double Eagle, Sound Diffusion, British Land, United City Merchants, Chloride and Acrow A. Puts were arranged in Burmah Oil and KCA, while doubles were arranged in Candecca, Lonrho, Target Petroleum, P and O Deferred, FNFC and Town and City.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	—	260	215	Brint Invs.	255	.....	—	—	—	—
‡‡	F.P.	—	360	338	BP Restricted Trans.	360	+4	17.5	4.7	6.9	3.4
§60	F.P.	—	115	91	††Baker Electrnics 10p	108	.....	b3.85	2.0	5.1	11.4
68	F.P.	8/9	90	72	Charterh'se Petrol'm	86	.....	b1.09	4.0	1.8	18.7
‡32½	F.P.	—	100	72	Energy Capital (12½p)	80	.....	—	—	—	—
160	F.P.	—	163	133	††Marinex 10p	140	.....	—	—	—	—
‡51	F.P.	—	72	67	††Rolfe & Noland 10p	70	.....	t1.0	5.8	2.0	10.8
§61	F.P.	—	70	56	†Shackleton Petrol.	70	+4	—	—	—	—
§57	F.P.	—	85	75	††Utd. Electronic 20p	79	.....	b1.57	9.3	2.8	22.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price	+ or −
‖	F.P.	23/7	124	109½	British Home Stores 9% Cnv. Ln. '99	116	.....
‡‡	F.P.	10/10	109p	107p	Foseco Minsep 8¾% Cnv Red Cum 2nd Prf	109p	+1
‡‡	F.P.	10/10	106	102	Do 10% Conv Uns Ln 1995	105	+1
‡	F.P.	30/10	98	97	Newcastle & Gateshead Water 8¾% RdP	97¾	+¼
**	F.P.	28/11	102	100	Outwich 10% Pref.	101	.....
‡	F.P.	8/8	105½	101½	South Staff. Water 9¾% Rd. Pf. '85	101½xd	.....
‡	F.P.	29/8	104	100½	Sunderl'd & S.Shields Wtr 9¾% Rd. Prf. 1985	100½xd	.....
‡‡	F.P.	29/10	105p	97p	Tobbitt 7% Con. Cum. Red. Pref.	99p	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p	+ or −
300	Nil	22/9	17/10	52pm	46pm	Blue Circle	46pm	−4
92	F.P.	30/7	12/9	141	125	Coalite	138	−2
13	F.P.	22/8	19/9	36	24½	Dorritron	34½	.....
100	F.P.	15/8	12/9	465	127	Ferranti	466	.....
30	Nil	—	—	2½pm	2pm	Laganvale Estates 10p	2½pm	.....
80	P.P.	15/8	12/9	110¼	89	Lonrho	97	.....
120	F.P.	15/8	26/9	155	144	McKay Secs.	155	.....
920	F.P.	5/9	14/11	300	986	Mercantile House	287pm	.....
14	F.P.	6/8	6/10	17½	18	Moorgate Mercantile	17	.....
13	Nil	19/9	10/10	3pm	2pm	Spencer Gears	2pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1978. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a " rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American O/S (USc) 113.2 119.2 ..... —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Fd. Sept. 3 US$20.80 21.69 ..... —
Japan Tech. Sept. 1 US$11.916 ..... —
Malay Singpr. Sept. 2 13.621 ..... —
Pacific Fd. Sept. 3 US$14.772 ..... —
Bond Fd. Sept. 4 US$10.894 ..... 9.00
PO Box 71, 7 New St., Peter Port, Guernsey, C.I.
Gilt Fd. £9.92 10.02 −0.01 13.39
*Inclusive of Preliminary charge.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 187.4 200.5 +0.9 3.39

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381.
HS Channel Is. Fd. 140.6 150.5 ..... 4.00
H.S. Fixed Int. Fd. 92.0 97.0xd 12.00
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$23.40 24.34 −0.12 —
CSF Fd. (Acc.) SF17.76 18.34 −0.02 —
Crossbow Fd. (Acc.) SF4.68 4.78 −0.01 —
ITF Fd. (Acc.) US$12.53 12.79 −0.06 —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Iss. Price) DF58.21 −0.02 1.72

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.54 3.65 ..... 3.80

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. HK$630.35 ..... 1.5
Jardine J'pn. Fd.* Y1733 ..... 1.0
Jardine S.E.A. US$35.09 ..... 1.10
Jardine Flem. Int. HK$21.93 +0.17 0.4
Jardine Securities HK$17.36 ..... —
Intl. Pac. Secs. (Inc.) HK$18.88 +0.59 0.90
Do. (Accum.) HK$19.58 +0.57 —
J.F. Japan Small Co. Y10144 +41 —
J.F. Cur. & Bd. Fd. (Inc.) US$10.21 −0.04 7.7
Do. (Accum.) US$11.00 −0.04 —
NAV August 29. *US$77.17.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Aug. 31 US$40.24 ..... —
Murray Fund Aug. 31 US$18.71 ..... —
Pacific Fd. July 31 US$4.64 ..... —

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey
High Income Fund 48.6 50.0
Equity Fund 56.7 59.0xd
International Bond* 47.6 49.0
*Sub. day every Thurs.

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Sept. 5 US$13.10

N.E.L. International Ltd.
P.O. Box 119, St. Peter Port, Guernsey
Sterling Deposit 49.1 51.7
Sterling Fixed Interest 48.8 51.3
Sterling Managed 47.0 51.2
Intl. Fixed Interest 47.2 51.3
Intnl. Managed 48.5 52.6

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV US$17.77

Phoenix International
PO Box 77, St. Peter Port, Guern.
Inter-Dollar Fund US$2.85 3.08
Far East Fund US$2.05 2.21
Intl. Currency Fund US$1.65 1.79
Dollar Fxd. Int. Fund US$2.11 2.28
Ster. Exempt Gilt Fd. £1.37 1.49

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey
Sterling Bond Fd. 48.0 50.4
Sterling Equity Fd. 65.6 68.9
Intnl. Bond Fd. US$0.98 1.03
Intnl. Equity Fd. US$0.97 1.01
Prices at Sept. 3. Next dealing Sept.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey.
Quest Stlg. Fxd. Int. £0.777 0.825xd
Quest Intl. Secs. US$1.082 1.164xd

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$65.39 534.15

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

van Cutsem & Associates Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Trust

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Save & Prosper International

Schroder Life Group

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds International Mgmnt. S.A.

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

RBC Investment Managers Limited

Richmond Life Ass. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	51.0	54.8	-0.3	2.65
Abbey Capital	42.9	45.8	+0.1	5.35
Abbey General	53.1	57.4	.....	5.47
Abbey Gilt & F.I. Tst.	111.7	117.4	.....	11.63
Abbey Income	34.7	37.5	.....	9.23
Abbey W'Wide Bd Tst.	92.6	98.0	+0.2	6.84
Abbey Inv. Tst. Fnd.	45.8	49.5xd	+0.1	5.13
Equitas Prog. Trust	80.8	87.3	+0.2	4.94

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	89.8	94.5xd	.....	12.92

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	84.6	90.5xd	-0.1	6.13
Brit. Inds. Fund	76.5	81.9	.....	6.35
Growth & Income	47.4	50.7	.....	5.48
Elect. & Ind. Dev.	42.9	45.9	+0.1	5.34
Allied Capital	90.8	97.2	+0.2	4.58
Hambro Fund	131.2	140.4	+0.1	6.18
Hambro Acc. Fund	166.5	178.1	.....	5.05

Income Funds

High Yield Fd.	64.5	69.0xd	.....	10.00
High Income	75.5	80.8xd	.....	7.86
A. H. Eq. Inc.	44.2	47.3xd	+0.1	7.67
Gilt Secs	26.0	26.7	.....	11.91

Confederation Funds Mgt. Ltd. (o)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	66.1	69.5	.....	3.95

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BO. 01-248 4984

High Income	36.7	40.1	+0.2	11.28
North American	53.3	57.4	.....	3.00
Canadian Exempt*	60.5	63.9	.....	3.70
Canadian Trust	59.7	64.5	+0.8	2.79
Mid Mount High Inc.	47.8	50.6xd	.....	9.54
Recovery	55.3	60.3	-0.1	7.17
Gilt Trust	43.7	45.7xd	.....	12.07

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	32.9	35.5	+0.2	1.06
Cres. Internat'l.	65.8	71.0	.....	2.46
Cres. High. Dist.	42.0	45.3	+0.1	10.76
Cres. Reserves	49.5	53.4xd	.....	5.62
Cres. Tokyo	21.5	23.2xd	+0.4	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.2	25.6	.....	12.70

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU.
01-638 4485

Disc. Inc. Aug. 29	223.7	238.5	.....	5.50

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	$F4.65	4.75	.....	7.60
Gt. Winchester O'seas	23.8	26.4	.....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.1	88.3	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	85.7	90.2	.....	4.84

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100¼	99⅛	Exchequer 13pc 1980‡‡	99⅞	......	13.05	15.02
99⅝	96¾	Treasury 11½pc 1981‡‡	99¾	......	11.64	14.85

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	87¾xd	......	6.24	14.13
85¼	72½	Do. 6pc 1981-83	83½	......	7.32	12.97
67	58	N.Z. 7¼pc 1988-92	65	......	11.37	13.44
81½	72	Do. 7½pc '83-86	80½	+¼	9.51	12.75
96¼	88	Sth. Africa 9½pc '79-81	96¼	......	10.21	16.20
160	95	S. Rhod. 2½pc Non-Ass.	99	......	—	29.38
169	133	Do. 6pc '78-81 N.-As.	145	......	—	27.87

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
11	865p	Bk. Montreal $2	10⅝	+½	$1.56	—	5.6
12¾	870p	Bk. Nova Scot. $1	11⅜	+½	$1.60	—	5.3
800p	685p	Bell Canada $8⅓	700p	......	$1.64	—	8.9
954p	433p	Bow Valley‖	852p	−39	10c	—	0.4
12¼	820p	Brascan‖	10⅞	−⅛	♦$1.20	—	4.2
10¾	860p	Can. Imp. Bk. $2	988p	−37	$1.80	—	6.9
18⅞	13⅛	Can. Pacific $5	17⅜	......	$1.80	—	3.9
34	27⅝	Do. 4pc Deb. £100	30	......	4%	—	13.3
11⅜	666p	Can. P. Ent.‖	11⅛	−¼	h$1.00	—	3.4
14¼	8	Gulf Oil Can.‖	10⅝	......	44c	—	1.5
750p	570p	Hawker Sid. Can.‖	685p	......	96c	—	5.3
22⅝	12¾	Hollinger $5	22⅛	......	s$2.20	—	3.8
11½	850p	Hudson's Bay ‖	900pxd	−10	♦$1.20	—	5.1
14¼	925p	Hud. B. Oil G. $2½	12½	......	h57½	—	1.7
21⅞	13⅛	Imperial Oil‖	14⅞	......	$1.40	—	3.6
14	855p	Inco‖	920p	−32	72c	—	2.8
565p	425p	Int. Nat. Gas $1	525p	......	$1.00	—	7.2
320p	265p	Massey Ferg.‖	320p#	+3	—	—	—
200p	100p	Place Gas $1	105p	+3	—	—	—
14⅛	10½	Rio Algom	10½	−1½	$1.50	—	5.4
20	14½	Royal Bk. Can. $2	18¾	−⅜	$2.56	—	5.2
25½	15⅞	Seagram Co. C$1	24⅜	......	$US1.10	—	2.0
12	890p	Tor. Dom. Bk. $1	11⅛	−⅛	$1.44	—	4.9
10½	815p	Trans Can. Pipe	840p	......	$1.16	—	5.2

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	20	−2	—	—	—
138	52½	Bond Corp.	122	−4	hQ2.8c	2.2	1.2
156	88	Bougainville I Kina	115	−1	†uQ24.2c	1.0	11.6
356	230	CRA 50c	306	......	¶Q15c	2.1	2.6
25	11½	Canada Northwest	18½	−½	—	—	—
42	8	Carr Boyd 20c	33	−2	—	—	—
£36⅛	£15¾	Central Pacific	£33	......	—	—	—
41	17	Cultus Pacific N.L.	30	−1	—	—	—
52	20	Eagle Corp. 10c	40	......	—	—	—
28	15¼	Endeavour 20c	28	......	—	—	—
464	175	G. M. Kalgoorlie 25c	456	+12	Q13c	ϕ	1.5
46	15	Great Eastern	24½	......	—	—	—
465	260	Hampin Areas 5p	450	......	4.5	2.4	1.4
204	30	Haoma Gold N.L.	256	−10	—	—	—
62	15	Intl. Mining	62	+10	—	—	—
720	80	Leichardt Expln.	160	+8	—	—	—
30	7	Metals Energy	20	......	—	—	—
82	41	Metals Ex. 50c	76	−1	Q3c	ϕ	2.0
312	187	M.I.M. Hldgs. 50c	243	−2	Q30c	ϕ	6.5
21	7	Minefields Expl. 25c	16	......	—	—	—
153	60	Mount Lyell 25c	96	−4	Q15c	ϕ	8.5
28	15	Newmetal 20c	20	......	—	—	—
55	13	Nickelore N.L.	39	−1	—	—	—
207	137	North B. Hill 50c	190	−6	Q18c	ϕ	4.9
103	44½	Nth. Kalgurli	103	+7	—	—	—
165	90	Nth. Mining Corp.	135	......	—	—	—
184	24	N. West Mining N.L.	140	−4	—	—	—
235	144	Oakbridge $A1	190	......	Q12c	4.7	3.3
153	70	Ollmin N. L.	130	......	—	—	—
240	128	Pacific Copper	210	−8	—	—	—
465	255	Pancont'l 25c	350	−10	—	—	—
78	42	Paringa M&Ex. 5p	61	+1	—	—	—
495	335	Peko-Wallsend 50c	465	−15	tQ17.5c	ϕ	1.9
230	140	Seltrust A	164	−6	—	—	—
£14⅝	575	Southern Pacific	£12½	......	—	—	—
100	51	Swan Resources 20c	90	......	—	—	—
34	8	West Coast 25c	22	......	—	—	—
513	177	Westn. Mining 50c	286	+2	Q14c	ϕ	2.5
30	10	Westmex	14	......	—	—	—
108	56	Whim Creek 20c	94	......	—	—	—
34	10½	York Resources	30	......	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	18	......	¥6.0	—	—
370	255	Ayer Hitam $M1	340	−5	†Q290c	0.9	‡
67	42	Beralt Tin	67	......	4.5	3.2	9.6
300	149½	Berjuntai $M1	255	−15	Q85c	ϕ	7.0
230	150	Geevor	155	......	8.4	1.9	7.7
12	10	Gold & Base 12½p	12	......	—	—	—
650	310	Gopeng Cons.	585	−5	†25.0	1.8	6.1
435	280	Hongkong	430	−5	‡35.87	ϕ	‡
128	90	Idris 10p	125	......	14.0	1.2	16.0
15	12½	Jantar 12½p	14	......	1.5	ϕ	15.3
115	64	Kamunting $M0.50	108	−2	Q80c	ϕ	0.0
335	150	Killinghall $M1	335	......	†hQ50c	ϕ	3.0
£10	485	Malay Dredging $M1	£10#	......	ϕuQ105c	2.6	2.1
42	26	Pahang	39	−1	0.44	0.3	1.6
112	83	Pengkalen 10p	110	......	6.0	1.3	7.8
335	230	Petaling $M1	330	......	†Q150c	1.4	9.5
44	22	South Crofty 10p	25	......	1.0	ϕ	5.7
415	180	South Kinta $M0.50	400#	......	5—	—	—
700	325	Sthn Malayan $M1	690#	......	ϕtQ175c	2.1	5.2
305	215	Sungei Besi $M1	255	−5	Q480c	1.1	38.3
55	22½	Supreme Corp. $M1	55	......	hQ8c	—	3.0
125	90	Tanjong 15p	117	......	ϕ5.75	6.0	7.0
115	78	Tongkah H. Tin	95	−10	Q45c	1.3	10.6
355	220	Tronoh $M1	325	−10	‡tQ250c	0.7	‡

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	222	+7	mQ10c	ϕ	2.6

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	132	......	—	—	—
97	52	Barymin	62	......	—	—	—
17	12	Burma Mines 10p	13½	......	0.62	1.1	6.6
213	53	Colby Res. Corp.	213	......	—	—	—
502	285	Cons. Murch. 10c.	340	......	MQ100c	1.8	16.8
180	80	††Hemerdon 10c.	80	......	—	—	—
585	325	Northgate C$1	450	+15	—	—	—
485	327	R.T.Z.	470	+5	15.0	3.2	4.6
33	16	Robert Mines	24	......	—	—	—
112	91	††SPO Minerals 10p	94	......	—	—	—
58	26	Sabina Inds. C$1	40	−3	—	—	—
51	31	††SWCM 10p	42	−1	—	—	—
650	411	Tara Exptn. $1	560	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✡ Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. e Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. a Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	34	......	Conv. 9% '80/82	£93⅝	......
Bertam	15	......	Nat. 9¾% 84/89	£82	......
Bdg'wtr. Est. 50p	445	......	Fin. 13% 97/02	£91	......
Craig & Rose £1	£11	......	Alliance Gas	55	......
Fife Forge	35	......	Arnott	200	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	68	......
Graig Ship. £1	£12	......	Clondalkin	121	......
Higsons Brew	75	......	Concrete Prods.	83xd	......
Holt (Jos) 25p	258	......	Helton (Hldgs.)	29	......
I.O.M. Stm. £1	152	......	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	43	......
Peel Mills	45	......	Jacob	31	......
Sheff. Refrshmt	102	......	T.M.G.	78	......
Sindall (Wm.)	140	......	Unidare	77	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	5½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	10	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	25	Thorn	23	Rio T. Zinc	35
G.K.N.	28	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	48		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES
Tuesday September 9 1980

CHANCELLOR SCHMIDT CALLS FOR STABILISED ENERGY SUPPLIES

Plea to OPEC for aid funds

BY RAY DAFTER IN MUNICH

CHANCELLOR SCHMIDT of West Germany has called for a new initiative from the Organisation of Petroleum Exporting Countries (OPEC) to stabilise world energy supplies and help developing countries.

In a major energy policy speech delivered at the opening of the eleventh World Energy Conference in Munich yesterday, Herr Schmidt urged OPEC to provide more financial assistance to the oil-deficient developing countries. These countries were being crippled because they found oil imports "devouring" their foreign exchange, he said. He also called on Middle East and African members of OPEC to follow the lead of Venezuela and Mexico (a non-OPEC member) in providing assured volumes of oil at preferential rates to other Central American countries.

Herr Schmidt also supported the idea of continued talks between oil producers and consumers, endorsed moves for a global North-South dialogue in which energy and oil prices could feature, and backed Soviet proposals for a European energy conference.

But his main plea — and criticisms—concerned the plight of the developing countries, which were particularly hit by the "oil price explosion."

Both OPEC and the Communist bloc should provide more aid, he said. OPEC members were likely to have a trade surplus of $120bn (£50bn) this year. These exporters should provide much more than the $5bn in aid allocated in 1979. Similarly, the Comecon countries, whose aid allocation was currently about a quarter of West Germany's should sholder more financial responsibility.

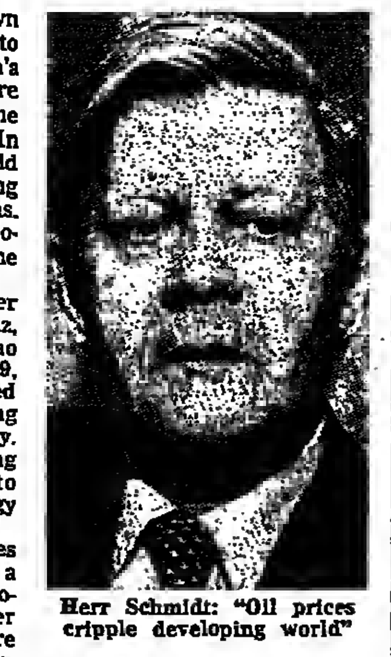
It was "nonsense" to expect the developed countries to carry the burden of the increased aid needed to cover the whole impact of oil prices, which had risen between fifteen and twentyfold over the past decade. At present, funds from Organisation for Economic Co-operation and Development countries amounted to one-third of the developing world's oil bill.

But the less developed countries were struggling, facing famine and health problems, because so much of their own resources were being used to pay for oil. One-third of India's proceeds from exports were needed for oil; for Turkey the proportion was 60 per cent. In 1972, he said, Costa Rica could buy one barrel of oil by selling 28 kilogrammes of bananas. Today, it had to sell 420 kilogrammes to buy the same amount of oil.

Herr Schmidt was later challenged by Dr. Rene Ortiz, secretary general of OPEC, who said that between 1974 and 1979, the oil exporters had channelled $37bn in aid to developing countries directly or indirectly. OPEC was committed to helping the developing countries to exploit rapidly their own energy resources.

Some 70 developing countries had been identified as having a potential for oil and gas production, of which only 22 either produced oil and gas or were about to do so. Of the remainder, 38 countries had prospects of finding significant quantities of petroleum.

M. Michel Pecqueur, chairman of the French Atomic Energy Commission, had his own message for OPEC: "Don't play with fire." He warned that the jolts of big price increases were "extremely prejudicial to the fragile and little-known mechanisms of world economies."


Herr Schmidt: "Oil prices cripple developing world"

Bonn calms recession fears

BY JONATHAN CARR IN BONN

COUNT OTTO LAMBSDORFF, the West German Economics Minister, has firmly ruled out new government programmes this year to boost the economy. He is, he says, convinced that the current downturn will not develop into a serious recession in 1981.

In an interview Count Lambsdorff also stressed that, so long as U.S. interest rates were high, the Bundesbank would have to keep its key rates high as well.

His comments come at a time of growing unease — not least within the ruling Social Democrat party in Bonn — at evidence of slackening economic growth. While the aim of a real growth in Gross National Product this year of about 2.5 per cent is still likely to be achieved, this will be due to an unexpectedly strong performance in the first half of 1980.

Some of Count Lambsdorff's Social Democrat ministerial colleagues have been "thinking out loud" about new government action to counter recession. And the party's economic policy spokesman has chided the Bundesbank for failing to react to the economic downturn by dropping discount and Lombard rates.

But Count Lambsdorff—a member of the Liberal Free Democrat Party—junior partner in the Bonn coalition Government—stressed that Bundesbank action had now to take account of conditions abroad.

Noting that German interest rates were, by international comparison, not particularly high, he stressed: "We have to explain again and again that at a time of deficit on our current account capital outflows have to be discouraged.

"The Bundesbank has been going to a lot of trouble already to make that clear—but perhaps it should go to even more trouble to do so in its public statements."

As for state economic programmes, Count Lambsdorff felt that on balance these often did more harm than good. One exception was the Government's programme passed in 1977 to to generate some DM 20bn (£4.65bn) of medium-term investment. This programme was timed to run out next year, but Count Lambsdorff favoured a continuation of it and, if the budget permitted, an increase in its size.

Otherwise Count Lambsdorff saw no need for additional state action. While economic growth was slowing there was no danger of a deep recession such as that which had followed the first oil crisis in 1973-74 (always barring some unexpected international catastrophe).

Domestically, there was less excess industrial capacity than there had been after the first oil crisis. Earnings were better and investment intentions remained robust, especially in the energy savings field. The trades unions also deserved high praise for wage moderation —in particular in not insisting on an extra bonus to make up for the rise in energy costs.

Further, a long-planned tax cuts programme of DM 12bn to DM 13bn would be taking effect from the start of next year, bringing additional purchasing power at the right economic moment.

Abroad, Count Lambsdorff noted that not all Western countries would be in recession simultaneously. He believed that, while the U.S. recession was sharp, it would also be fairly short, and that the U.S. economy would be climbing out of the trough about the start of 1981. This in turn would help stimulate other economies on which Germany was dependent for export business.

Details, Page 3
Miller expects higher prime to be temporary, Page 5

Microchip orders fall in U.S.

By Guy de Jonquieres

THE U.S. semiconductor industry, which has maintained a surprisingly resilient growth rate for most of this year, is at last beginning to feel the impact of the American economic recession.

New orders received in July by members of the Semiconductor Industry Association, which represents most of the major U.S. microelectronics manufacturers, fell below the level of completed sales in value terms for the first time this year. This relationship, known as the "book to bill ratio," is widely regarded as the key indicator of the industry's performance and as a pointer to the outlook for the months ahead.

During the first four months of this year, new orders exceeded completed sales by about 30 per cent. But the margin started to narrow in May. In July new orders were only 80 per cent of sales.

Weakening demand has also led to a sharp drop in the prices of many widely-used silicon chip devices, which make up the fastest growing area of the market. In some cases, prices have fallen by as much as 75 per cent since the start of the year.

The abrupt downturn has raised doubts about whether the U.S. industry will be able to achieve the growth rate, forecast only a few months ago, of more than 20 per cent this year. A squeeze on profits also seems likely.

So far, however, none of the major manufacturers has announced any cuts in capital spending, which is expected to reach a record total of about $1.3bn (£539m) this year.

Feature, Page 20

Metal Box to close two plants

BY MAURICE SAMUELSON

METAL BOX, Britain's biggest can maker, is to close two of the 12 factories in its open top can division with the loss of 1,260 jobs and has warned of further redundancies at other plants.

The first redundancies will be at Winsford, Cheshire, and at Rochester, Kent. Winsford, which employs 500 people, will close by the end of December. The Rochester plant, which employs 760, will close at the end of March.

Another 400 jobs will go within 18 months when a factory at Hackney, in East London, is closed. It is one of Metal Box's 13 general lines plants, which make tins and containers for the chemical, pharmaceutical, household products and food industries.

The company said it hopes that the 400 Hackney employees could be given work within the general line division's other factories in London. Because of a reduction in demand for the division's products, short time working will be introduced progressively throughout the division from mid-September. The timing and extent of short time would depend upon the work available at each location.

The open top division, which makes containers for food and beverages, has also withdrawn the guaranteed week at a number of other plants and may have to introduce more redundancies or short-time working.

The main reason for the closure of the Winsford and Rochester open top plants is the falling demand for the traditional three-section cans. The canning industry is turning increasingly to two-part containers, consisting of a moulded cup and a top. Both plants made only the three-section variety.

However, Mr. Ray Frost, Metal Box's managing director, said they are being closed much sooner than originally planned because of the sharp drop in demand in the past three months and the attack on the two-part can market by other manufacturers.

He hoped there would be no further redundancies, caused by the phasing out of three-section cans, for another three years.

In a formal statement, Metal Box also blamed the closures on lower consumer spending, the bad summer weather, imports and high interest rates which had led to major destocking by customers.

Anti-trust: Australia may act

BY PAUL CHEESERIGHT

AUSTRALIA MAY soon stiffen its defences against U.S. anti-trust judgments involving the payment of multiple damages by Australian companies.

The Government is considering legislation which would enable it to seize the Australian assets of Westinghouse Electric, a spokesman for Senator Peter Durack, Attorney General, said yesterday in Canberra.

Such an action would be in retaliation for seizure of assets owned by Australian companies within the U.S., should Westinghouse win its $1bn action against 29 U.S. and foreign uranium producers for allegedly operating a cartel outside the U.S. between 1973 and 1975.

The declaration from Senator Durack's office is the latest indication of international irritation against the U.S. for seeking to extend anti-trust jurisdiction outside its borders.

It comes after disclosures that the U.S. Justice Department is in the early stages of an investigation into the shipping lines trading between Australasia and the U.S.

This investigation excited Australian antagonism, but it seemed after a meeting last month between Senator Durack and Mr. Benjamin Civiletti, his U.S. counterpart, that political tension had eased.

In the Westinghouse case, four Australian companies—CRA, Mary Kathleen Uranium, Pancontinental Mining and Queensland Mines—are among the defendants. But, they have refused to accept the jurisdiction of the Chicago court where the action is taking place.

Any claim against them for damages will be assessed after the main trial, scheduled to start in September 1981. Meanwhile, the Chicago court is considering whether sanctions should be applied to appearing U.S. defendants for failure to produce documents.

It is examining a further plea that, because the alleged cartel operated outside the U.S., the court has no jurisdiction in any case.

No details of the likely nature of any Australian legislation have been given, although the Government is known to have been thinking for some time of introducing legislation along the lines of the UK Protection of Trading Interests Act.

Continued from Page 1

Electricity supply

only a minimum maintenance crew.

However, the unions involved believe that the second tranche of "mothballed" stations will in practice be closed, since a sharp upturn in demand is unlikely in the near future.

The unions will be led by Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union and chairman of the National Joint Industrial Council for the industry. It is also likely that the General and Municipal Workers Union and the National and Local Government Officers Association will be represented.

The CEGB team will be led by Mr. David Jefferies, the Board's director of personnel management.

The meeting marks the beginning of joint negotiations on the CEGB's winter programme and talks on sales over the forthcoming three-year period. It is expected that an announcement will be made on the specific station closures towards the end of next month.

Continued from Page 1

Industry prices

cent, compared with 20 per cent in July.

This slowdown has occurred despite continuing sharp rises in the cost of coal, gas and electricity, up 25 per cent in the last six months.

After excluding the food, drink and tobacco sectors, the raw material costs of manufacturing industry showed virtually no change last month. On the same basis selling prices rose by about ½ per cent. Higher prices for the output of the mechanical engineering and the printing and publishing industries accounted for just over half the rise.

The material costs, including packaging, of food manufacturing companies dropped by 1¼ per cent last month. Three-quarters of the decline can be explained by lower prices for home-produced cereals, potatoes, bacon-factory pigs and imported coffee. Food companies raised their prices by ¾ per cent last month and just over half the rise was the result of higher prices for milk and for chocolate confectionery.

Massey Ferguson loses $63m

By Our Foreign Staff

MASSEY FERGUSON, the beleaguered Canadian farm equipment manufacturer, said yesterday it was expecting further significant operating losses between August and October after losing US$62.9m net (£26m) in the first nine months of its financial year.

The nine-month loss, published yesterday in Toronto, compares with profits of $104.1m during the corresponding period of 1979, after allowing that year for an extraordinary tax credit of $95.4m and a provision for re-organisation costs of $23.7m.

Operating loss for the first nine months of this year was $25.1m, compared with an operating income of $45.1m for the same period last year.

The company blamed the poor figures on falling sales throughout the industry leading to higher stocks at a time of high interest rates. About 30 per cent of the company's sales are in the U.S. Europe and other non-American areas account for slightly more than 50 per cent of sales value.

In its fourth quarter the company is expecting that lower interest rates and stronger commodity prices will lead to a moderate upturn in the North American market. But it is still expecting "a significant operating loss" overall for that period.

The company is continuing to talk to the Federal and Ontario Governments about the possibility of them joining in a proposed $600m share issue.

Mr. Victor Rice, chairman and chief executive officer, said the Canadian Imperial Bank of Commerce and the Ravelston-Argus investment holding group were willing in principle to participate provided the total planned refinancing amounted to $600m.

Mr. Herb Gray, Federal Industry Minister, said yesterday: "The Governments (of Canada and Ontario) emphasise that they have made no commitment at this stage and that they expect to reach their decision by late September. In reaching their decision the Governments will be influenced by the adequacy of private sector support."

In an attempt to re-organise the financial structure of the company, negotiations are continuing on a package aimed at redressing the unsatisfactory debt to equity ratio "but we are obliged to seek amendments to some of our debt instruments," Mr. Rice said.

Massey Ferguson is negotiating with its lenders for a temporary relaxation of the limitations on total borrowing levels agreed with some creditors and scheduled to come into effect on November 1.

Mr. Rice said the company would not be in a position to meet these commitments by that date because it would not have received the equity capital which it hopes to raise through its refinancing programme.

Details, Page 26

Weather

UK TODAY

Sunny intervals and showers. Perhaps some rain. Max. 18C (64F).

Outlook: Unsettled with outbreaks of rain. Some bright intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	London	F	19	66
Alex'drie	F	29	84	Luxmbg.	F	21	70
Algiers	S	28	82	Luxor	S	39	102
Amsdm.	S	21	70	Madrid	C	26	79
Athens	S	28	82	Majorca	S	27	81
Bahrain	S	35	95	Malaga	F	26	79
Barclna.	C	25	77	Malta	S	24	75
Belfast	C	15	59	M'chstr.	R	15	59
Belgrd.	F	24	75	Melbne.	C	14	57
Berlin	S	21	70	Milan	S	25	77
Biarritz	R	19	66	Montreal.	S	11	52
Bmghm.	F	19	66	Moscow	C	18	64
Blackpl.	F	15	59	Munich	S	20	68
Bordx.	C	19	66	Nairobi	S	27	81
Boulgn.	C	17	63	Naples	S	27	81
Bristol	F	18	64	Nwcstl.	F	17	63
Brussels	S	22	72	N. York	S	19	66
Budpst.	C	19	66	Nice	S	24	75
Cardiff	F	17	63	Oporto	S	21	70
Cas'b'ca	C	25	77	Oslo	C	17	63
Cologne	S	24	75	Paris	F	22	72
Cpnhgn.	S	18	66	Perth	S	14	57
Corfu	S	29	84	Prague	F	20	68
Dublin	F	14	55	Reykjvk.	F	7	45
Dbrvnk.	S	25	77	Rhodes	S	26	79
Ednbgh.	C	16	61	Riyadh	S	33	91
Faro	F	26	78	Rome	S	26	79
Florence	F	28	82	Ronldswy.	C	15	59
Frnkft.	S	22	72	Salzbrg.	F	20	68
Funchal	C	24	75	Seoul	S	26	79
Geneva	S	23	73	Stckhm.	S	22	72
Gibraltar	C	25	77	Strasbg.	S	25	77
Glasgow	C	15	59	Sydney	F	31	88
G'rnsey	F	15	59	Tangier	F	30	86
Helsinki	S	21	70	Tehran	S	30	88
H. Kong	S	32	90	Tel Aviv	S	39	88
Innsbrk.	S	23	73	Tenerife	F	20	68
Invrnss.	C	16	61	Tokyo	R	22	72
Istanbul	F	25	77	Tunis	F	27	81
Jeddah	S	39	102	Valencia	F	28	82
Jersey	F	18	64	Venice	S	24	75
Jo'burg	C	15	59	Vienna	F	18	64
L. Pims.	F	25	77	Warsaw	S	24	75
Lisbon	S	22	72	Zurich	S	22	72
Locarno	S	23	73				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

BTR's overseas growth areas

The recessionary economic picture was amply confirmed yesterday by the continuing slowdown in wholesale price inflation and by the poor figure for retail sales volume in July, a month that was thought to have seen relatively busy summer sales. This is grist to the mill of the gilt-edged market, which was again nibbling at the Government Broker's medium tap stock Treasury 11¾ per cent 1991 "A" yesterday. But the real test for gilts comes today, not just from the August banking figures and money supply preview, which can be brushed aside as exceptional almost whatever they are, but also from the August central Government borrowing requirement. The recent overshooting of the CGBR is less easily regarded as a temporary aberration.

BTR

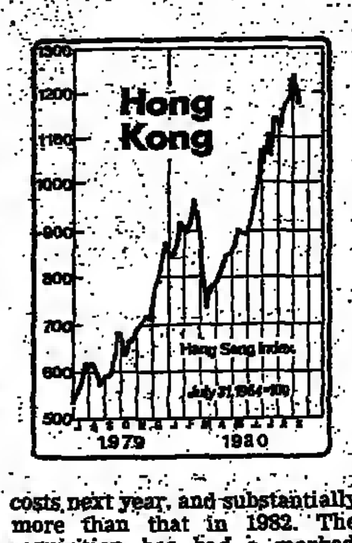
BTR is having to rely heavily on its overseas interests to maintain its growth record through 1980. Profits after six months are up from £27.4m to £34.8m pre-tax, and the UK's contribution is only a little higher at, say, £18m or £19m. The automotive activities, which account for about a fifth of the business, are having a predictably grim time, and the belting side is also under pressure.

To compensate for this, the South African and Australian operations are riding up in a strong economic climate, with the help of the odd acquisition. Their figures, which have already been published, largely explain why profits from the so-called Eastern Region are nearly 2½ times higher at £7.1m. In the U.S., Worcester Controls is benefiting from improved management and an industry-wide swing to quarter turn valves, in which it is a leader. And BTR is also doing better in Continental Europe, especially with its German industrial mouldings side.

However the UK is not going to get any better in the current half and the group profits for the year could emerge a little short of £70m, compared with £57.2m. That sort of figure has been in view for some time, so there is not much immediate excitement for the shares at 378p. The prospective p/e is about 14 (17 fully taxed) and the yield may be about 4 per cent.

But BTR remains aggressively confident about the longer term outlook. The acquisition of Huyck in the U.S. forms a central part of its plans. The business, which integrates well with BTR's existing activities, may be capable of £4m or £5m before tax and after financing costs next year, and substantially more than that in 1982. The acquisition has had a marked effect on the balance sheet, and the debt : equity ratio by the year end could be nearly 40:60. BTR could decide on a rights issue at some stage, but is keeping its options open for the time being.

Index fell 2.4 to 492.0



Hong Kong

Last week the Hong Kong stock market hit a seven-year peak, with the Hang Seng index a quarter above the level of mid-June. But, since Wednesday the index has shed 5 per cent, with yesterday's drop — the largest in a single day since 1973 — accounting for the bulk of the movement. A key reason for yesterday's reaction has been the half-point rise in the prime rate after hours on Friday, but just as important has been the politics behind recent corporate deals.

The market's recent rise stems from Sir Yue-kong Pao's success in out-manoeuvring Hongkong Land for control of Hongkong and Kowloon Wharf. Last week speculative interest built up again as it began to appear that Hongkong Land itself was coming under pressure from Chinese interests, with the announcement of a joint venture with Cheung Kong. But on Friday hopes of profiting from another siege of the British Hongs were punctured when Jardine Matheson emerged with 32 per cent of outstanding shares in Hongkong Land after a shares and assets swap.

At the same time, the Canton Road land auction raised considerably less than the over-bullish stock market had expected, at about HK$19,000 a square foot. And while GDP is set to grow by about 10 per cent overall this year manufacturers, particularly in the textile and electronic sectors, have become increasingly gloomy over the prospects for the second half. With a further ½-point rise in the discount rate a possibility, the market, one of the strongest performers in the world so far this year, looks set for a period of drift, at best. Meanwhile, the Financial Secretary's economic progress report is due on Friday.

Massey-Ferguson

Massey-Ferguson's long drawn out refinancing saga is to be drawn out a little further. The $500m equity funding package expected a few months ago to have been put in place by now has become a minimum $600m which cannot be raised in time to prevent the breaching of loan covenants on November 1. Yesterday the group reported a net loss of $63m for its third quarter to July, wiping out the modest profit of $3m reported for the first six months. The flatness of demand for farm machinery in North America has led to a pile-up of inventories and a corresponding rise in financing costs, and although the group now sees a modest recovery in demand—helped by the fall in U.S. interest rates—it is not going to avoid a further significant operating loss for the final quarter ending October. With a further erosion of its equity base, Massey-Ferguson is being plunged into another renegotiation of its loan covenants.

Already weakened once after agreement with lenders last year, the main covenants at present call for the ratio of tangible net assets to funded debt to improve from 150 per cent this financial year to at least 175 per cent in 1980-81, and for the current assets to current liabilities ratio to rise from 120 to 130 per cent, at a minimum, over the same periods. Wrangling continues between the group's potential private sector and public sector backers, and although the Canadian government is now talking about a decision by the end of September a lot of deadlines have already come and gone.

At least the share price was holding relatively steady yesterday at $7½ in New York, but total short and long-term debt runs to well over $1½bn, and contrast between the suggested minimum new equity requirement of $600m and a market capitalisation of some $140m illustrates the scale of the dilution to come.

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